reserved

App. F. IX-4

Previous References 1929-30 (L. M.) **File No.** 4-29

Serial Nos. 1, 3, 4

Place (E)

Preserve

Later References
C. M. 12-30 (1-3)
L. M. 13-31 (1-4, 6-7)
ES. 15-41-6 & 24

General and Revenue Secretariat.

Serial Nos. 3.

Part B for December 1929.

SUBJECT

Bye-Laws of the Mysore Co-operative Land Mortgage Bank.

Bb. 4 No. G. 5929 dt. 11. 11. 29.

To The Compiler, Mysore Gazette.

Issues certain rules relating to the Land Mortgage Bank & Local Land Mortgage Societies

G. R. S. APP F. III– 1929-30

GENERAL AND REVENUE SECRETARIAT.

(K M.)

NOTES.

File No. 4529

FILE HEADING.

Bye Laws of the Mysore Co-operative Land Mortgage Bank

FROM

The Registrar of Co-operative Societies

No. 4996 S Dated 18th/20th July 29 Received 22nd July 29.

Diary No. 529	Enclos. 2	Spare copies —	Serial No. 1

BRIEF ABSTRACT OF LETTER.

Forwards a set of bye laws prepared by him & another set prefered by the Deputy Registrar and explains the necessity for the Changes made over the latter.

NOTES AND ORDERS

Orders on the letter:—

"Submitted for information. The draft bye laws will be scrutinized & noted upon 3rd member)

Sd/- N. R.
21.7.29

Early please

Sd/- K. M.
23/7/29.

NOTES—First Sheet.

WD 01683—GPB—5,000—3-5-29

General and Revenue Secretariat

L. 21 File No. 4

App. F. III—2] (2 of 1929

Serial No.

Submitted

3) The bye laws framed by the ~~Dy~~ Registrar are fuller having been based on the model bye laws appended to the Mysore Corporation manual.

4) The point of difference between the two sets of bye laws & reasons for the modifications in the set framed by the Registrar are explained in ~~the~~ para 1—3 of the Registrar's letter

5) The following 4 persons are new only not having been based on any corresponding bye laws in the Dy Registrar's draft:— 7, 9, 10, 11(a) 12, 15, 22, 23, ~~59~~, 72, 74 75, 76, 77, 78, 79, 81, 83, 84 & 85.

6) The following bye laws included by the Dy Registrar are omitted by the Registrar & their inclusion is for consideration:—

no. 63. Duties of the President, Secretary etc of the Land Mortgage Bank.

no 65. Issue of receipts for the money paid.

7) Do letter no 176 of 28-8-1929 from the Registrar stating that the meeting with the members to consider the bye laws to be held on the 28th inst is postponed is placed in the file. Secy, the new Regulation + file leaf 4 p. 8/9.4.28 are submitted for orders

Secy

30/8/29

30/8/29

Note—Contn. Sheet

W. L. O. M. B.—G. P. S.—30,000—20-1-29

Serial No.

8) Bye law no 4 — The alteration proposed by the Regr may be accepted, and all Coopve persons may be made eligible for membership.

9) no - 8 - The Regr's amendment to be accepted

10) no 17 of Dy Regr's off. & 5(a) of Regr's } The Regr's amendment which permits of the payment of the share-money instalments may be adopted.

11) 30 of Dy Regr's off 18(b) of Regr's off } The Regr's amendment raising the limit of liability 6 1/2 times the owned capital may be adopted.

12) 35 of Dy Regr's 46 of Regr } I am inclined to agree with the Dy Regr that the minimum of the individual loans may be fixed at Rs 250 (or not Rs 50 as proposed by the Regr)

13) 37(b) Dy Regr's 48 Regr } I must think that the rate of interest charged on short loans by the L.M. Banks shd be less than that charged by Coopve Societies. I wd fix it at the rate - viz, 9 1/2 % to 10 1/2 % (ordinary & default respectively)

14) 46 Dy Regr's 45 - Regr } No period may be 25 yrs as proposed by Regr

WD 01684—GPB—30,000—29-1-29

Serial No.

(15) 59 Dy Regr, 71 Regr } The strengthening the Bd of Dirs & the period may be fixed as suggested by the Regr

(17) Dy Regr 71, Regr 93 } Powers of Bd of Supervision — I quite agree with the Regr that the Bd of Supervision should sit in appeal over the Bd of Dirs, & that appeals from the latter shd lie with the general body, who under bye laws 94 (Regr 71) is "the ultimate authority in all matters relating to the administration of the Bank"

The Bd of Supervision will be purely an auditing body. It may be given the power, for reasons to be recorded in its resolution — to call for a meeting of the general body to consider any serious question disclosed in course of the audit of accts This might be bye laws 93 (iii)

(16) Dy Regr 10, Regr 91 } The Dy Regr proposes that the President of the Bd of Dirs shd be a member of the Bd of Supervision. The Regr proposes expressly that "no member of the Bd of Supervision shall also be a member of the Bd of Dirs"

It seems to me that the Regr's

WD 01634—GPB—30,000—29-1-29

5 29 5

App. F. III—2]

General and Revenue Secretariat. File No. 4 of 1929

Serial No.

proposal is open to the objection that there will be a complete absence of Co-ordination between the two Boards, which may lead to an impasse and possibly to actual conflict. I think that the Dy Regr's proposal avoids this. If it is considered undesirable to have the President of the Bdg Dirs on the Supervision Bd - at least the Board of Dirs might be permitted to nominate a representative. This seems to me a very important point.

(6) In all these matters I agree with the Regr.

3d Member) H K

31 8 29

Ag 31/8

(7) The rules & bye-laws were discussed first with Mr K R Srinivasiengar, & afterwards with the Regr, the Deputy Regr, the Bursar & his present. The Regr has revised them in accordance with instructions given. Vide his letter of 15-9-29 & its enclosures. Revising &

NOTE—Contn. Sheet.

WD 01714—GPB—30,000—18-4-28

5/29 b

App. F. III—2]

(16

General and Revenue Secretariat. File No. 4 of 1929

Serial No.

5/19.9

formally sanctioned & put up.

20) The other points represented in the Dy Regr's letter of 15.9.29 may be explained for when they come up.

16-9-29

18/9/29

19/9

21) I have worked through the bye laws and rules and suggested some small verbal alterations. They appear suitable and may be approved.

~~In regard to the points above forwarded,~~

22) The bye laws do not say who is to exercise the powers of the Board of Supervision during the first 2 years after the formation of the Bank. There is no provision in the rules either. I think that ~~Dr. Nag~~ to the present cl (4) of rule 1. (Bd of Supervision) might be added—

"and till a Board of Supervision is constituted, the Regr of Co-operative Societies shall, as far as may be, exercise the powers, perform the functions & ~~duties~~ hereinafter assigned to the Bd of Supervision"

NOTE—Contn. Sheet.

WD 01714—GPB—30,000—18-4-28

Serial No.

23) It is appropriate that this shd come in the Rules & not in the Bye laws

In regard to the points submitted for orders:

(1) The first Board of Directors may be constituted with Mr K. R. Srinivasa Iyengar as President, and 12 members (nos 1 to 12 of list), 3 places being kept vacant for subsequent nomination.

(2) Govt have to decide whether they will bear the entire cost of working during the first two years. This is necessary and I believe it is also the understanding. If so, a sum of Rs 13000 will have to be provided by an addl grant during the present year; and a sum of Rs 26000 in 1930-31. Perhaps Very probably, the amount of Rs 13000 may have to be placed at the credit of the Bank, immediately after it is constituted. It might be more convenient if it is placed at the disposal of the Registrar of Co-operative Societies immediately to be transferred to the Bank as soon as the money is wanted

(3) & (4) The rate of interest to be guaranteed by Govt on Debentures, and the question whether the principal has to be guaranteed also, may be decided after the Bd

WD 01684—GPB—30,000—20-4-23

Serial No.

Directors has been constituted.

(5) Income tax — It is undesirable to exempt debentures from income tax

(6) Purchase of debentures by Govt — answer only at a later stage; so also the question of appointing a trustee

~~(7) & (8)~~

(7) Delegation of powers to Dy Regr — will be taken up separately

(9) Loan of services of post officers — The proposals of the Bd of Directors may be awaited.

3d Member

RK
24 9 29.

10) The Rules may be issued immediately & the Bd of Dirs: constituted

RK
24 9 29

11) I have slightly modified the rules by Law's further.

12) ~~Be sent to Govt~~. My may be sent × to the Finl Secy & the Legal Deptt, and issued.

13) Re points (1) to (9) agreed to above action may be taken on the connected pts.

Ly
28/9

50) Circulated to Members as amended during the 2nd. Mtg today
CR
1.10.29

× To save time copy may be sent to the Finl Secy & Secy to the Legal Dept

WD 01634—GPB—30,000—20-1-29

9 h 1926

REPLY

(To be written on this margin.)

OFFICE OF THE
THIRD MEMBER OF COUNCIL. (9

NOTE

Dated 19th September 1929.

The following matters require early disposal:-

1. The rules & bye-laws of the Land Mortgage Bank.

2. The proposals of the D.P. for utilising the sum of Rs 50,000 provided for the expansion of Primary Education.

Development secretary with compliments.

GEN. & REV. DEPARTMENTS
2160
20 SEP 1929
DEVELOPMENT BRANCH

Refer, Govt
20/9/29
CV
20/9

GENERAL MISCELLANEOUS BRANCH
20 SEP 1929

Extract of item (2) taken & the memo is passed on to G M Br for reqd in respect of item No(1)
20/9 G.M.Br

The file is herewith put up
20/9/29

Serial No.

28

Re: ss 4. (n.) (a) (k) rule, please see rule 44(3) & the corresp. (n.) Regn. which lays down that rule should be read with previous publication by Govt. 28/2(

29) Remit put up accordingly

28-2-29

CW 30/9

WD 01684—GPB—30,000—20-4-29

Serial No.

31) One copy of the Land Mortgage Bank draft bye-laws and a copy of the draft rules are submitted for favour of scrutiny.
Law Dept.)

Cer 1.10.29

32) Please put up a copy of the Recent Repr amending the C.S. Repr + a copy of the G.O. sanctioning the estt of a L.M. Bank.

R 5/10

33) Submitted with a copy of Rgn V of 1929 & copy of G.O. No G 11438-4-4 Secy Dev. 26-7 & 10.4.1928.

5/10

Draft By-laws.

34) By-laws 11, 12 and 16. These by-laws may be omitted as the matter to which they refer are governed by Sections 14, 22 and 23 of the Regulation and Rule 14 of the Rules now in force. The provision in by-law 16 relating to the levy of a fee of four annas for every share transferred, is new and it may be retained so far as it applies to nominees or legal representatives of deceased share holders if it is intended to recover such fee from them. For the levy of such fee when the transfer is inter vivos provision is made in by-law 21.

By law 11 is no doubt covered by R. 14 of the existing rules, but the by law provides for other important matters as well & may remain — Passed

By-law 12 is not covered by ss. 14, 22 or 23, & may remain.

By laws 16 refers to other matters also & may remain

WD 01684—GPB—30,000—20-4-29

General and Revenue Secretariat | File No. Fin 4 of 1929.

Serial No.

If the Land Mort: Bank is to be a Limited Co: this Bylaw is unnecessary but I agree

I agree. Bylaw 19 also may be omitted

Nothing remains.

There is no legal point in this.

I agree.

I agree

May be omitted

Yes.

It may be added that the Local L M Society shall be surety for all loans granted through it to Members

Yes.

Yes.

Yes. Corrected

Yes. I have corrected it.

By-law 18.- This is unnecessary and may be omitted.

By-law 19.- This may be omitted as there is no need to repeat in the by-laws what the Regulation itself provides. (vide sections 23 & 24)

By-law 32 (ii).- It seems necessary to state in the by-law itself how a missing debenture is to be advertised and when it will be treated as superseded

By-law 34 is unnecessary.

By-law 43.- The extent of liability of the Local Land Mortgage Society for the repayment of loans -- granted through it has to be made clear.

The proportion of the amount of the loan to the value of the property offered as security should also be fixed, vide Section 53 (i).

By-law 58.- For "Majority of the Members" the word "liquidator" has to be substituted.

By-law 65 (c)- Debenture bonds have to be -- excepted. vide by-law 33.

By-law 79.- The term "subsidiary by-laws" is not appropriate (vide S.2 (a) of the Regulation). It may be changed to "subsidiary instructions"

By-law 81. "Distribution of profits or disposal of assets" is probably what is meant. There can be no distribution of assets until the Bank goes into liquidation.

Note—Contn. Sheet

WD 066—GPB—30,000—26-7-29

CIrcp 13 (13

App. F. III—2]

General and Revenue Secretariat | File No. Lun. 4 of 1929.

Serial No.

Draft Rules.

Rule 1 (1). The manner of selecting representative of debenture-holders for appointment to the Committee and the Board of Supervision has to be decided and stated in detail in the Rules - vide Section 66 (d).

Rule 2 (4) (ii).- For "rules" the word "by-laws" may be substituted.

Rule 3 (3).- If in granting loans to Members of Local Land Mortgage Societies it is intended to act upon the recommendation of such Societies without any independent enquiry by the Bank, these Societies should perhaps be unlimited liability Societies.

M'is a question of policy

Rule 3 (10).- It is necessary to make provision to meet cases of default. Perhaps the Members constituting the Society may be held jointly and severably liable.

Jeey) 35) I have made remarks vide the margin.

11/10

Dr. M. 15/10

Dr 16/10

Discussed with Comptr.

16/10 36) Has it the enjoyment & No fe fes been sent back?

17/10/29

Note—Contn. Sheet

General and Revenue Secretariat

File No. 4

App. F. III—2]
of 1929

Serial No.

37) One copy of the Land Mortgage Bank bye-laws & a copy of the draft rules are put up for favour of perusing.

Asst Secy)

Clk 1.10.29

INDIA OFFICE SECRETARIAT
No. 4380.

38) The bye-laws and rules, drafted seem to be suitable, subject to the following remarks:—

Bye laws 12 & 23 — require some recasting.

From bye-law 23 it would appear by implication that a co-operative society member other than an affiliated society may be permitted to withdraw from membership, but bye-law 12a contemplates cessation in 2 cases viz (a) removal & (b) dissolution. It does not provide for withdrawal or resigning membership. The discrepancy shd be reconciled.

Bye-laws 6 & 25. Whether the instalments for payment of share subscription are of the value Rs 10 - vide rule 6 - or Rs 5 per share - vide rule 25 is not clear.

Bye-law 28. The issue of the debentures is subject to the approval of Govt. Their guarantee in respect of interest is limited to 5% only. There is no mention made in the bye laws about the Govt guarantee. Govt will be entitled to nominate a person to the Directorate, when interest on the debentures is guaranteed by them & when contribution is made to their working capital.

4 10.29

3545
1910

REV. & REV. SECRETARIAT
7 OCT. 1929
DEVELOPMENT BRANCH

To Draftsman).

39) Submitted as
draft bye laws
Asst Secy)
7/10/29 3d Member)

Clk 7.x.29

8 10 29.

Note—Contn. Sheet

WD 01681—GPR—30,000—20-4-29

DEPARTMENT OF CO-OPERATION.

Telegraphic Address:
"CO-OPERT"
BANGALORE

Office of the Deputy Registrar of Co-operative Societies
in Mysore.

D.O.No. 142/7 14. Dated, Bangalore, 16th October 1929.
Encl. one file.

My dear Sir,

I am herewith resubmitting the file about the Byelaws of the Land Mortgage Bank with a note dealing with the Financial Secretary's observations.

I was in Mysore till the 12th and was on leave on the 13th and 14th and returned to Bangalore yesterday when I got the file. Hence the delay in submitting the note.

Yours sincerely,
M Ramachandra Rao

Rajamantrapravina.
K. MATTHAN, ESQ., B.A.,
Member of Council.

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record]

P. A

- Please send the 25 Nos M.S. Rules which I sent to Rao, who wrote for examin the rules & type-laws which appear to me to need amendments, where necessary

Subd
14/10/29

Rec'd 6 p.m. 15.10.29

THE DEPUTY REGISTRAR OF CO-OPERATIVE SOCIETIES * OFFICE OF No. 106 Date 16.10.29

41)

Submitted to Third Member.

I beg to state as follows with reference to the Financial Secretary's observations.

(1) Byelaw 6 says that with the application for membership a sum of Rs.10 per share should be sent as the first instalment towards the share. The balance of Rs.40 is payable by monthl

N. B.— Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W D 1880—GPB—1,50,000—2-5-21

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

instalments of Rs.5 according to byelaw 25. The entire share amount is thus paid up in 9 months. The two clauses read together are quite clear and I do not think further elucidation is necessary.

(2) Byelaw 12 refers to cessation of membership while byelaw 25 refers to voluntary withdrawal from membership. The two things are distinct and separate and there is no question of reconciling the two clauses. As regards voluntary withdrawal from membership by resignation, individual persons and registered societies (except Land Mortgage Societies which are "affiliated societies") stand on the same footing.

(3) Byelaw 28. This byelaw has to be read with Section 56 of the Co-operative Societies Regulation to which a reference is made in it. This Section provides for previous sanction of Government being obtained before debentures are issued by the Bank.

It is not usual, nor is it necessary, to provide in the by-laws that

N. B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

the Government guarantee either the principal or the interest or both of the debentures. That will be in the nature of a concession and need only be notified to the public in the prospectus to be issued by the Bank.

3280/17/10

43) As regards nomination by Government of a member to the Directorate, this is provided for in byelaw 60 (a), and Section 54 of the Co-operative Societies Regulation under which such nomination is to be made is also referred to in the byelaw.

44) In view of the above explanations, I do not think that the by-laws as they stand need any further revision.

M Varadharajulu
16.10.29
Deputy Registrar.

45) Necessary corrections in accordance with the remarks expressed - by
17/10/29

Immediate

46) Please put up with the file received from the L.R. Let me have the papers tomorrow.

17/10/29

Serial No.

47) Submitted with reference to paragraph 46 above with the main file. The opinion of the legal Remembrancer are contained in paragraphs 34 & 35 above

18/10/29 Sec'y

18.X.29

48) I have examined the rules, in the light of the remarks of the Fe Secy & the Legal Remembrancer.

~~I don't think any alteration~~

49) For the reasons given by the Dy Regr I don't think the alterations suggested by the Fe Secy are necessary.

50) In regard to the remarks of the K.R. I have indicated my views in the margin of his note.

51) There is one point of importance to be made clear:

What exactly is the position of our affiliated L. M. Society in respect of the loans granted to (or is it "through" it? Is the transaction a loan to the Society, or is it one of loans to the members of the Society? If the latter, what is the responsibility of the Society in regard to investigation of securities, and for repayment in the event of default?

52) This point, which I venture to think is a vital one in the administration of the scheme, is far from clear

WD 01684—GPB—30,000—20-4-29

Serial No.

in the by-laws or rules.

For instance

By-law 43 speaks of loans the proceeds to anyone person through local L.M. Society" from which it would seem that the loan is to the individual, & the L.M. Society is only the medium. This view is supported by by-law rule 3 (4) which lays down that a member of an affiliated Society shall also be a member of the Bank before he can become to entr & take a loan

(5) But rule 3 (6) speaks of loans be granted to affiliated societies for distribution to their members - which indicates that the debtor is the Society (to whom the Bank looks) and not the member. This view supported by rule 3 (10) which enjoins the affiliated society to collect" all dues from its debtors" which clearly indicates that the liability of the borrowers through (an affiliated society is to the affiliated society, and not to the Bank

(6) This has to be set right, and the position clearly defined. I believe that the intention is that while the individual borrower is directly and primarily liable to the Bank, the affiliated society through whom he borrows is surety for him (collatera

Note—Contn. Sheet

WD 01634—GPB—30,000—20-4-23

Serial No.

surety, in addition to the security of the mortgage on land) and that all the members of it are jointly and severally liable. This is the affiliated society for safeguarding itself, should be invested with the power of investigating the loan application in respect of sufficiency of security etc, and the Bank may, through its own officers check or verify the valuation.

55/ This position has to be made clear and the discrepancies eliminated.

56/ With the alterations suggested above the draft by-laws may be approved. The draft rules may be published for general information (though under Sec 66 this is not strictly necessary) and issued after a month.

3rd Member

20/10/29

57/ I agree with the Development Secretary in the views stated above & especially about the finishing L. M. Association. The rules by-laws may be finally revised accordingly. The rules need not be published before but after sec 66.

20/10/29

3844/27/10

WD 01684—GPB—30,000—20-4-29

Serial No.

58) I have revised the Bylaws and rules (availing myself of the kind help of the Asst Sec., Pro. Br.)

59) The following are the more important alterations:

by-law 34 deleted

by-law 43 (or 42 on re numbering) altered, to make the position of the affiliated society clear. I have also supplied a limit (20 times subscribed share capital) to the total amt which may be lent through an affiliated Society

Rule 3 (b) recast entirely

3 (12)(a) slightly modified, to preserve the separateness of the affiliated Society, within which it cannot be a sure

3 (12)(c) altered to prohibit outside borrowing.

3 (7 & 8) deleted - as the affiliated society is not the lender legally

60 for approval

Yrs Member

28 10 29

61) approved - Magrath at sea - 21/x

Note—Contn. Sheet

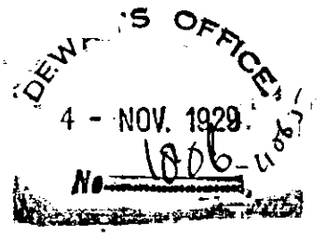
WD 01684—GPB—30,000—20-4-29

1926

5 12
1

App. F. III—2]

General and Revenue Secretariat. File No. 4 of 1929.



Serial No.

57) Mr. ... may issue as a Notfn.
Mr. by-laws may issue as a Notfn.
" Under Secy to the Govt. Refer the Govt. representation for approval the amalgamation of the Govt Co-operative Land Mortgage Bank" ~~to work~~ & await what effect
by
29.10.

63) Please attend at once
(Please see to the correct rendering of both by-laws and rules)
30.10.29.
Cr
30/x

64) Subd with two drafts
30/10/29 65) 2 copies for approval
by Secy
1/11
Cr
1.xi.29

66) Please send clean copies of the rules & by-laws

67) Please see that the word is spelt consistently either "by-law" or "bye-law" — better the latter as that is the form accepted in the Regn

1/11/29

68) Issue Cr
1/11

Issue
5/11/29
Cr 5/11

NOTE—Contn. sheet.

Rd 5/11/29
T/Clerk

51/11/29

69) Subd before issue
Dewan)
1/11/29

WD 066—GPB—80,000—26-7-29

General and Revenue Secretariat. File No. of 1929.

Serial No.		
3	To	The Registrar of Cooperative Societies No 9 5927-8 dt 11.11.2 Approves the bye laws of the Mysore Cooperative Land Mortgage Bank.
4	To	The Compiler, Mysore Gazette No 9 5929 dt 11.11.2 Issues certain rules relating to the Land Mortgage Bank and local Land Mortgage Societies.
	To	The Registrar of Cooperative Societies. No 9 5930 dt 11.11.2 Forwards copies of the above

12/11/29

19/12/29

NOTE—Contn. sheet.

WD 066—GPB—30,000—26-7-29

No. 4993 Ec 2

DEPARTMENT OF CO-OPERATION.,
GOVERNMENT OF MYSORE.

Telegraphic Address:
"CO-OPERT"
BANGALORE

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Dated, Bangalore, 18th July ....1929.

FROM

K. H. RAMAYYA, ESQ., B.A., BAR-AT-LAW,
REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,
BANGALORE.

DEVELOPMENT BRANCH.

To

N. Rama Rao, Esq., B.A. B.L.,
Secretary to Government, Development Departments,
Bangalore.

Sir,

In continuation of my letter No.7278/C.S. dated 22nd June 1929, I have the honour to forward herewith a copy of the draft byelaws of the proposed Mysore Co-operative Land Mortgage Bank prepared by me and also a copy of the byelaws prepared by the Deputy Registrar of Co-operative Societies, and to state as follows:-

2. The byelaws prepared by me do not differ in their entirety from those prepared by the Deputy Registrar, but there has been some re-arrangement in their order and some additions which are considered essential. The main points of difference are noted below:-

Bye-Law No. 4. The Deputy Registrar has proposed in his bye-Law No.5 that membership may be given "to several persons jointly". This has been omitted as it is not possible to give effect to it. He also proposes to restrict membership only to institutions formed for long-term credit only. I am of opinion that membership may be thrown open to all co-operative institutions in the State. The last sentence of the byelaw as framed by the Deputy Registrar is also omitted here and included in the byelaws under shares of deceased members.

Byelaw No.8. The limit of individual holding of shares is raised to 20 instead of 10 as proposed by the Deputy Registrar. The Co-operative Regulation allows share-holding to the extent of Rs 1,000/-.

Byelaw No.5(a) .The Deputy Registrar has proposed that a fee of one rupee for each share should be charged and the full share amount of Rs 50/- should be paid on allotment. This, I consider, is too much and so I have proposed an entrance fee of one rupee and a share fee of annas four and that the share money may be paid in instalment i.e., with application Rs 10/- per share and thereafter every month Rs 5/- per share till the share amount is fully paid up.

Byelaws Nos 21 & 23 and byelaw No.9 as framed by the Deputy Registrar. It may be noted that no member can create a charge in respect of the shares and the Board of Directors is not competent to sanction the creation of such a charge. Hence the byelaws are recast.

Byelaw No. 18(b). .According to G.O.No.D.5165/C.S.36-26-9 dated 15th November 1927 the maximum borrowing power of limited liability societies is 12 times their owned capital. Hence byelaw No.30 as framed by the Deputy Registrar is modified.

Byelaw No. 46. The minimum limit of an individual loan is fixed at Rs 500/- instead of Rs 250/- as proposed by the Deputy Registrar.

Byelaw No. 48. The maximum rate of interest to be charged for short term loans is fixed at 9 instead of 12 per cent proposed by the Deputy Registrar. It may be noted here that the rate of interest in rural societies is generally not more than 9½ per cent and the rate of default interest is only one per cent over the ordinary rate and that is in accordance with the resolutions of the Thirteenth Mysore Provincial Conference. As such I have proposed a maximum of 9 per cent for short term loans and 10 per cent for defaults.

Byelaw No. 49. The period of long term loan is proposed to be fixed at 25 instead of 30 years as the debentures are to be only for up to 30 years.

Byelaw No. 71. The Board of Directors is proposed to consist of 15 persons instead of only 7. Such an increase is considered

essential

essential to give proper representation to the various interests. and the formation of the Board is to be annual.

Byelaw No. 79. A quorum is provided for the meetings of the Board of Directors.

Byelaw No. 81. Provision has been made for disposal of urgent references by circulation.

Byelaws Nos. 91 and 92. It is provided that no member of the Board of Directors should be a member of the Board of Supervision. Provision for the election of a President and for a quorum for meetings is made. The formation of the Board is to be annual

Byelaw No. 93. The powers of the Board of Supervision are cut down as it is not fair that this Board should sit in judgment over the decisions of the Board of Directors. The General Body is competent to hear appeals against the decisions of the Board of Directors.

Byelaw No. 97. Proxy voting is made inadmissible and minors ~~xx~~ will have no voting power. These restrictions are very necessary and the byelaw No.76 framed by the Deputy Registrar is modified.

Byelaw No. 99. As all alterations of byelaws have to be approved by Government according to section 53 of the Regulation, byelaw No.78 framed by the Deputy Registrar is modified to suit the conditions laid down by law.

Byelaw No. 100. The Deputy Registrar has proposed that the remuneration payable to Directors etc., may be fixed by the rules framed by the Board of Supervision without reference to the general body. As the ultimate authority in the administration of the Bank is the general body subject to the control of the Government, the byelaw is modified so as to give this power to the general body.

I request that Government may be pleased to consider the byelaws and pass orders early to enable me to start the operations of the Bank at an early date.

With regard to the question of the constitution of the Board of Directors, I beg to inform Government that I am

corresponding

corresponding with certain gentlemen in order to ascertain their willingness or otherwise to serve on the Directorate of the Bank and that I shall submit my proposals early.

I have the honor to be,
Sir,
Your most obedient servar

K H Ramaya
Registrar.

Byelaws of the Mysore Co-operative Land Mortgage Bank,Ltd.

Name.

1. The name of the Bank is the Mysore Co-operative Land Mortgage Bank, Ltd., Bangalore City.

Address.

2. The registered address of the Bank is the Bangalore City where the orfice of the Bank shall be situated.

Objects.

3. The objects of the Bank are:-

(i) to attract capital by means specified hereafter

(ii) to grant loans to bonafide land-owning members on the mortgage of agricultural land either direct or through registered co-operative societies and

(iii) to do all such other acts as are incidental or conducive to the attainment of the above objects.

Membership.

4. Membership of the Bank is open to every person residing or carrying on business within the limits of the Mysore State who has attained the age of majority and is legally capable of entering into a contract and to every institution registered under the Mysore Co-Operative Societies Regulation.

5. (a) A person wishing to become a member of the Bank shall apply to the Secretary or the Bank in the prescribed application form for membership. The application shall be accompanied with an entrance fee of ~~Rs~~ Re.one, a share fee of annas four for each share applied for and also, at least, the first instalment of Rs 10/- towards each share applied for.

(b) A Co-operative Institution wishing to become

a member of the Bank shall apply similarly to the Secretary of the Bank with entrance and share fees and share instalment as specified in sub-section (a) of this byelaw.

6. The application shall be considered by the Board of Directors of the Bank and if it thinks fit the applicant may be admitted as a member of the Bank and allotted ~~with~~ t full number or shares applied for or such smaller number as the Board may deem fit. The Board may reject any application for membership without assigning reasons. In the event of the application being rejected in full, the total amount paid by the applicant with the application will be refunded to him. If only a smaller number of shares than applied for is sanctioned, the proportionate share fee and share instalment shall be refunded or credited to his share account.

7. Every person whose application for membership has been accepted by the Board of Directors shall be deemed to have become a member of the Bank and acquired all the rights and liabilities of a member from the date of such acceptance.

8. Every member shall hold at least one share. No individual member can at any time hold more than 20 shares without the previous sanction of Government under section 6 (b) of the Mysore Co-operative Societies Regulation No.VI of 1918.

9. The name and address of every person admitted to membership as set forth in the application form shall be entered in the Register or Members. All changes in their addresses shall be intimated to the Secretary by the members and the same duly entered in the said register

10(a) Every member of the Bank may nominate any person to succeed in the event of his death to his share or interest in the Bank. Such nomination shall, in the event of his death, be given effect to by the Bank provided

(i) the nomination has been registered in the books of the Bank maintained for the purpose & (ii) the person nominated shall have been admitted by the Board of Directors to membership.

(b) No fees shall be charged for registering the nomination for the first time, but for registering every subsequent change, a fee of four annas shall be paid.

Cessation of Membership.

11 (a) A Co-operative Institution which has been admitted to membership shall cease to be a member of the Bank if it is removed from membership or if it is dissolved.

(b) Any other member shall cease to be a member of the Bank on death, expulsion, insolvency, ceasing to hold any share of the Bank (by withdrawal, transfer, resignation or forfeiture) and permanent removal of residence from within the limits or the Mysore State.

12. A member who permanently removes his residence from within the limits or the Mysore State shall cease to be a member ~~xxx~~ from the date of such removal.

13. The Directors shall have power to remove any member for being persistently in default in respect of any sum due to the Bank or if the Bank is put to the necessity of taking proceedings against him to enforce his obligations towards the Bank.

14. The Board of Directors shall remove from membership any member who

(a) deliberately commits a serious breach of the rules or the bye-laws,

(b) wilfully deceives the Bank by false statements or fictitious documents or endeavours in any way to defraud the Bank.

(c) is declared insolvent,

(d) is convicted of any criminal offence which, in the opinion of the Board, is of a serious nature,

(e) becomes legally or mentally disabled, or

(f) does any act which is likely to be injurious to the credit, reputation or stability of the Bank.

15. Any member so removed by the Board may appeal to the General body at its next meeting against the decision of the Board.

16. Should a member cease to hold the qualifications necessary for admission to membership of the Bank, the Board of Directors shall remove his name from the list of members and shall pay him back within a reasonable period the share capital actually paid by him with the dividend declared, if any, after deducting therefrom the money, if any, due from him to the Bank either as principal debtor or as surety.

17.(a) If a member dies, his membership shall ipso facto cease.

(b) On the death of a member, his nominee, if any, registered in the books of the Bank under byelaw 10 or heir or legal representative in interest may, on application be admitted as a shareholder of the Bank if he is not already one and the Board of Directors may, subject to the limit prescribed in byelaw 8 , transfer the shares held by the deceased member to such applicant on payment of a fee of four annas for each share transferred.

(c) Should however such a transfer ~~is~~ be not made, the Board shall pay the share capital paid by the deceased with the dividends if any due up to the date of payment after the same has been declared to the heir, representative in interest or the nominee of the deceased under the byelaws in force at the time, after deducting the amounts due to the Bank from the deceased member.

Funds.

18 (a) The Bank will ordinarily obtain its funds from the following sources:-

(i) share subscriptions

(ii) Deposits

(iii) Debentures

(iv) Grants and other miscellaneous items.

(b) The liabilities of the Bank by way of deposits, issue of debentures or otherwise shall at no time exceed twelve times the owned capital i.e., share-capital plus reserve fund.

Liability.

19. The liability of a member is limited to the value of share or shares held by him.

20.i.A past member shall be liable for the debts of the Bank as they existed on the date when he ceased to be a member for a period of two years from such date.

ii.The estate of a deceased member shall be liable for the debts of the Bank as they existed on the date of his decease for a period of one year after his decease.

Transfer or shares.

21. No member shall be permitted to transfer his share or shares except with the previous sanction of the Board of Directors.

22. Every transferee of a share or shares shall pay a fee of four annas for every share so transferred.

23. No member shall be permitted to raise any money on the security of or create any charge in respect of his share or shares in the Bank.

Withdrawal from Membership.

24. No member shall be permitted to withdraw any of the shares held by him in the Bank before the expiry of n years from the date when such shares were allotted to him.

After that period is over, a member may withdraw shares with the consent of the Board of Directors, provided, firstly, that he has given at least six months' notice of withdrawal, secondly, that the total amount of share capital that is permitted to be withdrawn in any one year does not exceed ten per cent of the aggregate paid-up share capital of the Bank as it was on June 30th preceding, thirdly, that there are no debts due from him to the Bank and fourthly, that there are no debts due to the Bank in regard to which he has stood surety. When a member withdraws shares under this bye-law, he shall be paid back the share capital actually paid by him with the dividend declared if any. For the purpose of calculating the maximum amount of share capital, withdrawable in any one year in accordance with this bye-law, all repayments of share capital, whether by way of adjustment or otherwise, are to be included except such as are made under byelaws 16 and 17(c).

Shares.

25. The share capital of the Bank shall, for the present, be fixed at Rs five lakhs made up of 10,000 shares of the value of Rs 50/- each.

Payment of share-money.

26. The members shall, subject to the provisions contained in byelaw No.5, pay the amount of share or shares allotted to them either in one lumpsum or in monthly instalments of Rs 5/- each for each share held and the same shall be paid on or before the 15th of the month for which the instalment is due. Default interest at the rate of two pies per rupee a month shall be levied on all overdue share instalments.

27. If the share instalments remain unpaid for more than three months, the Board of Directors may, in the absence of satisfactory

satisfactory reasons, declare such shares cancelled and all payments made thereon, if any, forfeited and the rights of membership if any attaching to these shares extinct. Such shares may however be renewed, if the Board of Directors permits, within a period of three months from the date of notice of forfeiture, on payment of all arrear amounts including interest and renewal fee of one rupee per share.

Deposits.

28. The Board of Directors may receive deposits at their discretion either from members or others and it shall be open to them to settle the terms on which deposits shall be taken, provided that the interest on such deposits shall not, in any case, exceed 6½ per cent per annum and provided also that no deposit shall be received for a period of less than three years.

Debentures.

29. Subject to Bye-law 18(b) and subject to the condition that the total loan raised does not exceed 20 lakhs of rupees, the Bank may raise loans from time to time by the issue of debenture bonds bearing interest not exceeding five and a half per cent per annum and liable to be redeemed within such period not exceeding 30 years as may be prescribed by the Bank.

30. Debenture bonds issued under Byelaw 29 shall be deemed to be negotiable instruments to which the provisions of the Mysore Negotiable Instruments Regulation 1907 apply and shall be included among the securities in which a Trustee may invest funds under any law for the time being in force in Mysore.

31. Debenture bonds shall not be issued except with the previous sanction of the Government and they shall be in such form and contain such covenants and provisions as the Bank may, with the previous sanction of Government, prescribe

prescribe in this behalf.

32. The Bank shall, once every year, draw for redemption by lot as many debenture bonds as its financial condition permits, or if the Bank deems it preferable, it may repurchase its bonds instead of drawing them by lot, provided that the Bank shall not redeem or repurchase any debenture bond issued by it within a period of ten years from the date of issue of the Bond.

33. The Bank shall be at liberty to effect a reduction in the rate of interest payable on any series of debenture bonds provided that option is given to the holders or such bonds to accept payment in cash at par value.

34. The previous sanction of Government will be necessary for:-

i. the issue of debentures;

ii. the conversion of one class of debentures into another class bearing a different rate of interest; or

iii. for any other matters which the Government may desire that their previous sanction should be obtained.

35.i. Debentures which, by reason of damage sustained, have become unfit for circulation, provided however that the essential marks for genuineness and identity are still recognizable especially the number, the amount, the rate of interest, the date and signatures of the authorised executing officers of the Board of Directors, will be replaced at the request of the holder on giving up the damaged or defaced debentures. Fresh debentures shall also be issued to replace completely destroyed debentures when, in the opinion of the Board of Directors, the fact of destruction is proved without any doubt or uncertainty.

ii. When such proof is not produced or when in case of damage the essential marks on the debenture are lost and no longer recognizable as well as in all cases in which the debenture has been stolen from the owner or has been in other ways mislaid, a new debenture will only be issued when the debenture which is alleged to be missing or unrecognizable has been previously advertized for by the claimant in the manner prescribed by the Board of Directors and its nullity legally declared.

iii. The re-issue shall always be made for the same amount under the same number with the addition of the "renewed" and at the cost or the debenture-holder concerned.

36. The debenture shall be signed and executed by at least three members of the Board of whom the President shall be one. The Bank shall have a special seal to be used for debentures and the seal shall remain in the safe custody of the President.

37. No debenture-holder can claim the repayment of the value of his debenture before the expiry of the period for which the debenture was issued.

38. Debentures in respect of which notice of redemption has been given to the holders by the Board of Directors must be given up on the expiry of the term mentioned in the notice, and if the debentures are not handed in until after the expiry of the term the holder shall have no claim upon the bank for interest accruing after the expiry of the term.

39. The capital raised by debentures shall be invested on long term loans, short term loans, if any, being given out of shares and deposits.

Trustee.

40. The Government shall appoint a Trustee whose duty shall be to see that the Bank fulfils its obligations to the debenture holders. For this purpose, the Bank shall transfer

transfer to the Trustee, if so required, its rights in the mortgages on the security of which debentures are issued. The Trustee shall have power to require the Bank to credit to an account opened in his name, in such Bank as may be approved for the purpose by the Government, all recoveries made from members of the Bank under any of the mortgages whether through equated payments or on redemption or upon sale under any power of sale applicable thereto. He shall also have the following powers:-

i. To invest or to require the Bank to invest the money at the credit of this account in his own name in any investment or deposit authorised by Government by rules or laws framed in that behalf, or in any other securities approved by the Registrar of Co-operative Societies and to vary such investments at his discretion;

ii. to require the Bank to redeem any or all of the debentures according to the rules relating to redemption;

iii. to determine the method of redeeming any debentures before the expiry of the term for which they were issued;&

iv. to proceed against the Bank or the mortgagors whose mortgage deeds have been transferred to him or against both, in case of default of payment of moneys due to the debenture holders.

The Trustee can, at any time, be replaced by another Trustee. A Trustee so appointed shall, as the successor in interest of the Trustee whom he replaces, inherit all his powers and rights.

Loans.

41. The lending operations of the Bank shall for the present be confined to the Taluks of Sagar, Koppa, Sakleshpur and Tumkur.

42. Loans shall be given only to members, but no member can claim a loan as a matter of right. Applications

for loans shall be disposed of by the Board of Directors.

43. All applications for loans shall be made to the Secretary in the form prescribed for the purpose. He shall place them before the Board of Directors which shall have discretion to grant or reject loans without assigning any reasons.

44. Loans may be given by the Bank only for the following purposes:-

(a) Redemption of subsisting mortgages on agricultural land;

(b) Liquidation of other prior debts of agriculturists

(c) Improvement of land or for the better cultivation of it; or

(d) Current agricultural operations.

45. Loans shall ordinarily be granted direct to individual borrowers Provided that where local co-operative Land Mortgage Societies are specially formed for the purpose, the Bank may grant loans through such societies.

46. No loan shall be granted for an amount below Rs 500 nor above Rs 5,000/- ordinarily. Provided that where a loan is granted to a local Co-operative Land Mortgage Society, the amount of the loan may be Rs 30,000.

47. Long term loans shall be granted for redemption of subsisting mortgages on agricultural land and for liquidation of other prior debts and short term loans shall be granted for improvement of land or of methods of cultivation or current agricultural operations; provided that short term loans shall not be granted except to a member who has been previously granted a long term loan and whose mortgage is subsisting.

48.(i) Loans granted by the Bank shall bear interest at rates fixed from time to time but not exceeding:-

a. a maximum of 8 per cent per annum in the case of long term loans; and

(b) a maximum of 9 per cent per annum on short term loans.

(ii) Should a borrower fail to repay his loan or instalment thereof within the stipulated time, he shall be liable to pay interest at 10 per cent per annum on the instalments actually overdue from the due date to the date of settlement.

49. Long term loans granted by the Bank shall be repayable in equal yearly instalments which shall not more than 25 as may be fixed by the Board of Directors, and shall not be liable to be recalled except under conditions specified in Byelaw 58. Nothing in this byelaw shall be considered to preclud the borrower from repaying his loans wholly or in part at any earlier time.

50. Long term loans and the interest due thereon shall be discharged by a system of equated payments, but the borrower will be at liberty to pay larger sums according to his convenience.

51. Long term loans shall be granted by the Bank only on the mortgage of agricultural land which is situated in Mysore. Such mortgage shall be without possession.

52. The Board of Directors may require an applicant for loan to mortgage all or part of his other immovable property as security in addition to the mortgage of land prescribed in byelaw 51 or may require him to give two reliable personal sureties who must be members of the Bank.

53. The land mortgaged to the Bank as security under byelaw 51 shall have no prior encumbrances, save the mortgage or mortgages to be redeemed by the loan given by the Bank.

54. Long term loans granted by the Bank shall not exceed 50 per cent of the value or the property which is mortgaged to the Bank on account of those loans.

55. The valuation of the properties offered as security for loans shall be made by the Bank in accordance with subsidiary rules to be framed in that behalf and approved by the Registrar.

56. When a mortgage deed is executed by a member, the Board of Directors shall insist on all persons interested in the property

property joining in the execution whether such persons are themselves members or not.

57. Every application for a loan shall be accompanied by the title deeds and other documents relating to the land proposed to be mortgaged.

58. Loans may at the discretion of the Board of Directors be recalled

(1) if after the loan has been granted the information furnished by the debtor regarding the security, the encumbrances thereon or his rights therein, is found to be incorrect in material particulars; or

(2) if a loan is utilised for a purpose different from that for which it was granted; or

(3) if the mortgaged property has, in the opinion of the Bank, deteriorated in its value and the debtor fails to furnish additional security to the satisfaction or the Bank;or

(4) if on the death or the debtor or in the case of joint debtors, on the death of any one or them, his legal representative does not consent to continue as member; or

(5) if for any other reason, the debtor or in the case of joint debtors, any one of them ceases to be a member of the Bank; or

(6) if the debtor commits default in the payment of any instalment on the due date; or

(7) if the debtor alienates or creates any subsequent encumbrance on the mortgaged property; or

(8) if the land mortgaged as security for the loans is in danger ~~fs~~ of being swept away by river or flood or silted up with sand.

59. When a loan is recalled under byelaw 58 , the Bank shall send a written notice of such recall to every subsequent mortgagee, alinee or charge holder of the properties

mortgaged

mortgaged to the Bank in respect of the loan recalled, provided such mortgagee, alinee or charge-holder has had his interest in the land registered in the office of the Bank.

60. When a loan recalled by the Board of Directors is not repaid within three months from date of recall, the Bank shall apply to the Registrar of Co-operative Societies for the recovery of the loan, and for the remedies available under Section 60 of the Mysore Co-operative Societies Amendment Regulation No. V of 1929.

61. When a loan is recalled under bye-law 58 the loan account shall at once be closed without reference to the term for which the loan has been granted. When an account is so closed, the Board of Directors shall inform the borrower of the fact and of the amount outstanding against him including interest up to the date of closing of the loan account. On the total amount so found due, the borrower shall be charged interest at 10 per cent per annum from the date of closing the loan account to the date of recovery.

62. The amount of paid-up share capital, deposit and any other money to the credit of a member or a past member shall be subject to a first charge in favour of the bank in respect of any moneys due to the Bank from such member or past member. The Bank shall be at liberty to appropriate the whole or any portion of such paid-up share capital or deposit or any other money to the moneys due by the member to the Bank.

63. When a member from whom money is due pays any sum it shall be appropriated in the following order:-

Firstly to fees, postal registration and other miscellaneous charges due by him;

Secondly to interest; and

Thirdly to principal.

Profits.

64. The net profits of the Bank as declared by the Registrar every year shall be disposed of as shown below:-

(i) not less than ten per cent shall be carried to the credit of the Reserve Fund;

(ii) out of the remainder, a dividend subject to a maximum of five per cent per annum on the paid up value of each share may be paid to members, proportionately to the amount of paid up share capital held by each and also the period during which the paid up share capital was so held during the year; and

(iii) the balance shall be added to the Reserve Fund.

Note.- All undisbursable and indivisible profits shall be added to the Reserve Fund.

Reserve Fund.

65. A reserve fund shall be formed by the Bank. To this shall be carried

(i) a sum not less than ten per cent of the net profits of every year;

(ii) the interest on the capital of this fund;

(iii) amounts not claimed and forfeited;

(iv) produce of drawn and expired mortgage bonds; and

(v) any other funds which may be credited to the reserve fund by the general body of members.

66. The Reserve Fund shall be invested in such manner as the Registrar of Co-operative Societies may prescribe and shall not be drawn upon except with his sanction.

67. With the previous sanction of the Registrar the loss in any year may be met from the Reserve Fund, provided that no dividend on the shares is paid that year.

68. On the dissolution of the Bank, the Reserve Fund and other funds contributed by it under the provisions of its bylaws may be applied in such manner and to such purposes,

not

not inconsistent with the Regulation and Rules as may be determined, with the approval of the Registrar, by the majority of the members.

Management.

69. The administration of the Bank shall be vested in the following:-

(a) Board of Directors;

(b) Board of Supervision; and

(c) The general body of the members of the Bank.

70. The members of the Board of Directors and of the Board of Supervision shall consist of members of the Bank and representatives of Debenture-holders provided that the Government of His Highness the Maharaja of Mysore shall have the right to nominate one member to the Board of Supervision and one member to the Board of Directors, whether members of the Bank or representatives of Debenture-holders or others.

Board of Directors.

71. The Board of Directors shall consist of a President and 14 members of whom the President and 9 members shall be elected by the General Body, 3 will be representatives of debenture-holders selected by Government and 2 will be nominated by Government. The President as well as the members of the first Board of Directors will be nominated by Government.

72. The President and Directors shall hold office for one year or until their successors are appointed

73. The Board of Directors shall administer and conduct the affairs of the Bank, prepare and issue agreements, declarations etc., and represent the Bank by one of its members selected for that purpose at all legal proceedings. It shall also appoint, control, and dismiss officials like book-keeper cashiers, clerks, local agents etc.

74. The Board of Directors may whenever necessary appoint

from amongst themselves an ~~honorary~~ Vice-President who shall remain in office till the next annual general meeting or for such shorter period as may be determined by the Board.

75. Whenever the President is obliged to absent himself from his office by indisposition or for any other cause, the Vice-President shall exercise the powers and perform the duties of the President.

76 (a) Any casual vacancy occuring in the office of the President or other Director by death, resignation or any other cause shall be filled up for the unexpired term of his office by the remaining members of the Board.

(b) Any member of the Board who fails to attend three consecutive meetings of the Board shall be deemed to have ipso facto vacated his office.

(c) A vacancy occuring in the Board by the resignation of the President or other Director shall take effect from the date on which the Bank receives the resignation in its office.

77. The Board may function notwithstanding any vacancy in its number.

78. A retiring director or President shall be eligible for re-election.

79. The entire executive authority of the Bank shall be vested in the Board of Directors. Five Directors including the President or other director presiding shall form the quorum for a meeting of the Board. All questions before the Board shall be decided by a majority of votes. The Chairman shall have a second or casting vote in case of an equality of votes.

80. The Board shall ordinarily meet once ~~in two~~ a month to conduct the affairs of the Bank. No member of the Board of Directors shall be present at the meeting when any matter in which he is personally interested is being discussed.

81. It shall be competent however to the President or in

in his absence to the Vice-President to circulate papers by post or otherwise, among the members of the Board, provided that all the members of the Board shall have had a reasonable opportunity or expressing their opinions and that such dicision shall have been concurred in by an absolute majority oi the total number of members of the Board.

82. Any member of the Board of Directors who commits default in respect of a loan taken by him from the Bank shall ipso facto be considered disqualified to continue as a member of the Board. But if the default has been for a period of three months or less, the defaulter may be re-instated by the general body on his showing good cause for the default. In no circumstance shall a defaulter continue to hold office as a member of the Board of Directors if his default has continued for more than three months.

83. The duties of the Board of Directors include the following:-

(1) to deal with applications for membership and allot shares,

(2) to raise funds subject to the byelaws,

(3) to deal with applications for loans,

(4) to appoint salaried and non-salaried officers and other employees as the work and interest of the Bank require and funds permit,

(5) to prepare statements of accounts, which shall include an abstract of receipts and expenditure classified under the different heads, and a balance sheet showing the assets and liabilities and a profit and loss statement,

(6) to deal with all classes of arrears and failure to observe obligations undertaken and

(7) to transact all other business incidental to the management of the Bank.

84. The Board may make subsidiary rules not inconsistent with these byelaws in regard to the following matters:-

(a) Procedure at their meeting;

(b) hours of business;

(c) distribution of duties among Directors;

(d) custody of books, accounts and securities of the Bank and place where they should be kept;

(e) receipt, disbursement and custody of money;

(f) testing the security of outstanding loans and taking action when loans are misapplied;

(g) appointment, punishment and dismissal of the paid servants of the Bank; and

(h) such other matters as are not specifically reserved by the General Body.

85. The President by virtue of his office, and the Vice-President or the Secretary, when specially authorized thereto by the Board of Directors, shall have power, singly or jointly to execute all documents, grant receipts, and sign cheques and papers and to transfer or negotiate in negotiable instruments. In the case of share certificates, however, they shall be signed both by the President or in his absence the Vice-President,and the Secretary where a Secretary has been appointed or any one Director.

86. It shall be the duty of the Board of Directors to maintain such accounts and registers as are prescribed by the Registrar from time to time, to place before a general body meeting of the members the Registrar's notes of audit or inspection, within one month from the date of receipt, to correspond with the Registrar and to do all other business relating to the Bank.

87. The Board of Directors shall have power to prescribe from time to time the scale of office establishment and to incur such expenditure as may be necessary for the management of the Bank with reference to the scale and within the budget allotment

allotment sanctioned by the general body for each year.

88. The Board of Directors shall be competent to fix the amount and nature of the security, if any, to be given by the members of the office establishment.

89. It shall be competent to the Board of Directors to frame subsidiary bylaws for the conduct of the business of the Bank consistent with the Regulation, the Rules under the Regulation and these bye-laws. Such subsidiary byelaws shall be entered in the minute book of the Bank and they shall be reported to the Registrar of Co-operative Societies for approval.

90. The members of the Board of Directors shall be responsible for the good management of the Bank. They shall be liable to the Bank for any wilful neglect of their duties and for any distribution of profits or assets contrary to the provisions of the Regulation, Rules or the byelaws.

Board of Supervision.

91. The Board of Supervision shall consist of 5 members, two of whom shall be elected by the General body, two shall be representatives of debenture-holders selected by Government and one shall be nominated by Government. They shall hold office for one year or till their successors are appointed and they shall be eligible for re-election. No member of the Board of Supervision shall also be a member of the Board of Directors. The first Board of Supervision shall be formed two years after the opening of the Bank till when the Registrar of Co-operative Societies will exercise the powers of the Board of Supervision.

92. The members of the Board of Supervision shall elect a President from among themselves who shall preside at the meetings of the Board. There shall be at least two meetings of the Board in a year and the quorum for a meeting shall be three of whom the President shall be one.

93. The Board of Supervision shall have power to check the accounts of the Bank, examine the securities and verify the cash on hand as often as possible. The Board of Directors shall be bound to produce all documents and accounts and to give every available information to any of the members of the Board of Supervision when required to do so. In particular the Board of Supervision shall

i, cause the accounts or the Bank to be audited at least twice a year by two of its members and

ii. present to the general body a statement of accounts with their opinion on the securities and other ~~accounts~~ assets of the Bank.

General Body.

94. Subject to the general control of Government and of the Registrar of Co-operative Societies, the ultimate authority in all matters relating to the administration of the Bank shall be the general body of the members who shall meet from time to time and at least once a year to conduct the work of the Bank. The following among other matters shall be dealt with by the general body:-

i. The election and removal of their representatives on the Board of Directors and the Board of Supervision;

ii. The annual report due to the Registrar of Co-operative Societies;

iii. The Registrar's annual audit order;

iv. The amendment or repeal of any existing bylaws or the enactment of a new byelaw;

v. The expulsion of a member; or

vi. The consideration of any complaint which any individual member may prefer against the Board of Directors

95. A meeting of the general body of the members may be convened whenever necessary for the conduct of the business by the Board of Directors and shall be so convened by the Board of Directors at the request of fifteen or more members or

of at the instance of the Registrar of Co-operative Societies.

96. It shall be the duty of every member to attend the meetings of the general body. The quorum for a general body shall be 20 or one-fourth of the total number of members on the list at the time, whichever is less.

97. The President, and in his absence the Vice-President if present, shall preside at the meetings of the general body. In the absence of either, the members present may choose a chairman from their number to preside at the meeting. Every member present shall have one and only one vote. Voting by proxy shall not be allowed. All questions shall be decided by a majority of votes of the members present and voting. When votes are equal, the chairman of the meeting shall have a casting or second vote. Minor heirs or legal representatives of deceased members if admitted to membership under byelaw 17(c) shall have no voting power. In the case of a society share-holder, any member of the society duly authorised on that behalf by the society may attend in person and vote in person. Even if the same member is an individual share-holder of the Bank and also a representative of the society, he shall not have, on that account, more than one vote.

98. Seven clear days' notice shall be given to members for a meeting of the general body. The notice shall specify the day, hour and place of meeting and shall also be accompanied by an agenda paper showing the business to be brought up before the meeting.

99. No amendment to, alteration in, or cancellation of, a byelaw and enactment of a new byelaw shall be made except at a general meeting of the members or shall take effect until it shall have been approved by Government.

100. All other matters concerning the organisation and the working of the Bank as well as the remuneration, if any, which the

the members of the Board of Directors and the Board of Supervision, the local agents and the auditors may receive shall be fixed by resolutions passed by the general body.

Powers of the Registrar and Government.

101. Without prejudice to the powers which may be vested in him by law for the time being in force, the Registrar of Co-operative Societies ~~xk~~ will have power:-

(a) to require the summoning of a general meeting;

(b) to be present at the proceedings of the General Meeting as well as at the meetings of the Board of Directors and the Board of Supervision.

(c) to inspect the books and cash balance of the Bank at any time; and

(d) to summon any member or office bearer of the Bank or other person for the purpose of an enquiry into the affairs of the Bank. For this purpose, as well as for the settlement of disputes, he will act as a Court.

102. Government shall have power at any time to order a revaluation of the properties mortgaged to the Bank in order to ensure that the properties so mortgaged have not deteriorated. When, as a result of such revaluation, the security is found inadequate, the Bank shall have power to demand additional security from the party responsible.

103. The accounts of the Bank shall be audited at least once a year by a duly certified auditor ~~or by an officer deputed by the Mysore Government.~~

Miscellaneous

104. The Bank's year shall begin on the 1st of July and end on the 30th June following.

105. The Board of Directors shall prepare annually in such form as may be prescribed by the Registrar

(a) a statement showing the receipts and disbursement for the year,

(b) a profit and loss account,

(c) a balance sheet, and

(d) such other statements as may be prescribed by the Registrar.

These statements shall be made up to 30th June and a copy of each shall be sent to the Registrar within 30 days after the close of the Co-operative year. After the Registrar has verified the statements and granted his audit certificate, the Bank shall publish such of the prescribed statements as he may direct in the manner prescribed by him.

106. Disputes touching the business of the Bank between members or past members of the Bank or persons claiming through a member or past member of the Bank, or between a member, a past member or persons so claiming and the Board of Directors, shall be referred by any party to the Registrar of Co-operative Societies for decision. Similarly, disputes relating to the debt due to the Bank by a member or past member shall be referred to the Registrar for decision. No Civil Court shall have jurisdiction to adjudicate any such matters.

107. Should any doubt arise as to the construction or meaning of the provisions of the Mysore Co-operative Societies Regulation or of any byelaw of the Bank or as to the validity of or effect of the proceedings of the Board of Directors or of the Board of Supervision or of the General Body, the Board of Directors shall refer the same to the Registrar of Co-operative Societies for advice and act according to his advice which shall be final.

K H Ramayya

Registrar of Co-operative Societies.

Bangalore
16th July 1929.

53

No. 24

Telegraphic Address:
"CO-OPERT"
BANGALORE

DEPARTMENT OF CO-OPERATION.
GOVERNMENT OF MYSORE.
OFFICE OF THE DEPUTY REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Dated, Bangalore,.....11th July..... *1929*

FROM

M. S. RAMCHANDRA RAO, ESQ., B.A.,
DEPUTY REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE, BANGALORE.

To

K. H. Ramayya, Esq., B.A., Bar-at-law,
Registrar of Co-operative Societies in Mysore,
B a n g a l o r e.

Sir,

Rules under the Mysore Co-operative Societies' Regulation.

I have the honour to state as follows with reference to the suggestion you made yesterday about the framing of rules under Section 66 of the Co-operative Societies Regulation.

I have already forwarded with my letter No.19 dated the 17th May 1929 draft By-laws for the Land Mortgage Bank, framed on the model by-laws approved by Government and incorporating additions and alterations in accordance with the provisions of the Amended Regulation, as also with reference to the views that were discussed in the Select Committee stage. As you will have observed, the by-laws are fairly exhaustive and should, I think, serve for all practical purposes in the initial stages of working of the proposed Land Mortgage Bank.

The question of framing rules under Section 66 of the amended Regulation does not appear to be of urgent necessity and it would perhaps be desirable to wait and get some experience of the working of the Bank before framing rules, especially as the rules under the existing Co-operative Societies Regulation apply equally toland mortgage banks and the special rules to be

to be framed under Section 66 of the Amended Regulation will become applicable only at a later stage.

However, as you have expressed a desire that the framing of the rules under the supplementary sections of the amended Regulation may also be proceeded with, I beg leave to state as follows:-

1. Section 66 (a) requires rules to be framed for the appointment, suspension and removal of the members of the Board of Supervision, for the procedure at meetings of the Board and the pow exercised and the duties performed by the Board. A reference to Clause 71 of the draft By-laws already forwarded by me will show that the powers and duties of the Board of Supervision have been enumerated in that clause. As regards the other matters about which rules may be necessary, I might observe that according to Clause 70 of the draft By-laws, the first board of Supervision is to be formed only two years after the opening of the Land Mortgage Bank, till when the Registrar of Co-operative Societies will exercise the powers of the Board of Supervision. In the Select Committee stage, the question whether it was necessary to have a Board of Supervision at all was, as you may remember, considered. But the provision was, however, allowed to remain, as it was thought that the matter might be reviewed at the end of two years. In these circumstances, I think that no useful purpose will be served by framing rules under Section 66 (a) of the Regulation now.

2. Section 66 (b) requires rules laying down the powers to be exercised and the duties to be performed by the Trustee, and the form of investment or deposit of the funds credited to his account in trust for the redemption of debentures. It may be taken for granted, I believe, that for purposes of Section 53 (m) of the Amended Regulation, the Registrar will be the Trustee. The power and duties of the Trustee are also clearly laid down in clause 29 of the draft By-laws. The only point which it may be necessary to make clear at this stage is about the form of investment or deposit of the funds credited to his account in turst for the redempti

redemption of debentures. In this matter, the Trustee will no doubt be guided by Section 20 of the Indian Trusts Act of 1882, so far as the provision of that section might be applicable to Mysore. I am not clear as to whether any further elaboration of the powers and duties etc. of the Trustee is either necessary or can be done at this stage, as we have the other provisions of the Indian Trusts Act, so far as may be, to guide us in this respect.

3. Section 66 (c) requires rules to be framed for the constitution and working of local land mortgage societies and the mutual rights and obligations of such societies and the Land Mortgage Bank which conducts its business through them. With reference to this, I might recall to your mind the discussions in the Select Committee stage when it was thought that, though the provision about Land Mortgage Societies might remain in the Regulation as amended, the Land Mortgage Bank was, for the first two years at any rate, expected to carry on its transactions directly with individuals. I believe the understanding was that for some time to come and until some experience is gained of the working of the Bank, it was not necessary to organise any local land mortgage societies. Though the framing of rules for this prupose might thus be deferred, yet, in accordance with your desire, I have attempted to draft a set of rules which I append hereto for your consideration.

4. Section (d) requires rules to be framed laying down the manner of selecting representatives of debenture holders for appointment to the Board of Directors as well as the Board of Supervision. Clause 59 of the draft By-laws says that two members of the Board of Directors will be representatives of debenture holders selected by Government. Clause 70 of the draft By-laws says that two members of the Board of Supervision will be representatives of debenture holders selected by Government. If the words "selected by Government" mean that Government will peruse the list of debenture holders maintained by the Land Mortgage Bank and select from such list two persons each for representation on the Boards of Directors and Supervision, no special rules indicating manner of selection would appear to be necessary. If, however, it is the intention of Government that the two members who are

to represent the debenture holders on the Boards of Directors and Supervision are to be elected to such Boards by the debenture holders from among themselves, only then will some rules regulati such election be found necessary. My reading of the matter is that no question of election is involved. Should, however, the opposite view be taken, I append hereto a draft set of rules for consideration.

I may add that the two sets of draft rules which I now sen are only tentative and will require revision after some experience is gained of the working of the Bank.

In addition to the above, I find, on going through the -- supplementary sections of the Amended Regulation relating to land mortgage banks, that subsidiary rules or instructions may be neces sary under some of the sections. I shall refer to these below with a few remarks against each of them.

1. Section 53 (h). Method for the valuation of the property offered as security for loans. A set of instructions as regards the procedure to be adopted by the valuators in valuing property will be necessary. But no special rules are perhaps called for. These instructions would have to be prepared by and considered at a meeting of the Board of Directors and adopted with the approval of the Registrar.

2. Section 53 (k). Manner and conditions of redemption and repurchase of debenture bonds. According to clause 21 of the draft by-laws already forwarded by me, the question of redeeming or repurchasing debenture bonds issued by the Bank will not arise within the first ten years from the date of issue of the bond. - The question of framing rules under this head can therefore be conveniently deferred.

3. Section 53 (o). Remuneration to be paid to the members of the Board of Directors and the Board of Supervision. This is a small matter which has ~~got~~ to be considered and resolved upon by the Board of Directors and the approval of the Registrar sought

4. Section 61. Manner of registration in the Bank's Registers the interest of subsequent encumbrancer, or alienee, or charge holder. In regard to this, I think the procedure laid ..... in the Land Revenue Code and Rules - Section 233 (n) of the Code and Rule 40 of the Rules - relating to entries of claims in the Special Notice Register, may be followed.

5. Section 64. Manner of taking account of what is due to the Bank by a debtor. This question will arise only when a suit is filed before the Registrar by a debtor against the Bank and the Registrar orders that an account be taken of what due by the debtor to the Bank; and in passing orders the Registrar will doubtless be guided by the provisions contained in Order XXXIV of the Code of Civil Procedure.

In the course of our conversation yesterday, you mentioned about framing of rules regulating procedure in the disposal of suits and particularly in the matter of applications for foreclosure of mortgage. As regards rules regulating the manner of disposal of suits, you will doubtless agree that the existing rules under the Co-operative Societies Regulation will apply equally to suits to be filed by or against the Land Mortgage Bank, and no special rules for this purpose are required.

As regards the question of foreclosure, a reference to the report of the Select Committee appended to the Co-operative Societies' Amendment Bill will show that no question of foreclosure arises. On default by a debtor the Bank is entitled to ask that either it may be put in possession of the land or that the land be sold and the Bank paid its dues out of the sale proceeds. The procedure to be adopted in making the award is clearly laid down in Sections 60 et seq. No rules to supplement these sections seem therefore to be necessary.

I have the honour to be,

Sir,

Your most obedient servant,

DEPUTY REGISTRAR

Draft Rules to regulate the Constitution and working of local land mortgage societies and the mutual rights and obligations of such societies and the Land Mortgage Bank which conducts its business through them.

(Section 66 (c) of the Co-operative Societies' Amendment Regulation.)

---

1. In these rules a "Local Land Mortgage Society" means a Co-operative Society through which a Co-operative Land Mortgag Bank may conduct its business in any local area.

2. "Society"means such a Local Land Mortgage Society and "Bank" means the Land Mortgage Bank to which it is affiliated.

3. A society may be constituted for every taluk or portion of a taluk or a village or a group of villages.

4. The registration of a society shall be in the manner laid down in Section 8 of the Co-operative Societies' Regulation and the Rules thereunder.

5. The liability of the members of a Society so registerdd shall be limited.

6. Every re istered society shall become a member of the Land Mortgage Bank and be bound by the by-laws of the bank.

7. A society which is a member of the Bank shall be termed an affiliated society.

8. Subject to the by-laws of the Bank, loans shall be granted to affiliated societies by the Bank to be distributed to such of the members of the society as have applied for loans for the redemption of existing mortgages or for liquidation of other debts.

9. The society shall grant loans only on the security of mortgage of agricultural land. Such loans will be long term loans and repayable in specified number of equal annual instalments toward principal as well as interest.

10. The society may grant short term loans to such of its members as have taken long term loans out of its own funds or from funds that may be placed at its disposal by the Bank for such a purpose.

11. The rates of interest for long term and short term loans leviable by the society shall be determined by the Bank.

12. The society shall transfer to the Bank its rights in the mortgages on the security of which loans are granted to its members

13. The society shall undertake to collect periodically all dues from its debtors, towards principal and interest and remit it to the Bank.

14. When a default is made in the payment of dues by any debtor of the society, the society shall at once take action, in consultation with and in accordance with the directions of the Bank, to recover the whole of the amount due to it by the debtor by proceeding against him in accordance with the provisions of the Co-operative Societies' Amendment Regulation for the recovery of the loan.

15. The working of a society shall be subject to the supervision and periodical inspection by the Bank, which shall also have a right to have the accounts of the society audited once at least every year.

Every affiliated society shall be bound

(1) to administer its work in strict conformity with its by-laws and with the by-laws of the Bank.

(2) to carry out carefully the rules drawn up for its guidance by the Bank and to submit to the Bank such statements and reports as may be prescribed.

(3) to take the sanction of the Bank before raising any loan from any sources other than the Bank

17. In all other matters not specifically referred to above, the society shall be bound by the provisions so far as may be of the Co-operative Societies' Regulation and the Rules thereunder.

11.7.29

Deputy Registrar.

Rules for the election of two members to represent the debentured holders on the Board of Directors and two members to the Board of Supervision of the Land Mortgage Bank.

(Section 66 (d) of the Co-operative Societies' Amendment Regulation.)

The election of two members to the Board of Directors and two members for the Board of Supervision of the Land Mortgage Bank to represent the debenture holders will be conducted in accordance with the following rules:-

1. The election shall be held on such date as may be fixed by the Board of Directors and the Board of Supervision.

2. All debenture holders whose names are registered on the registers of the Bank shall be eligible to vote and to stand for election.

3. Not less than a month before the date of election, the Secretary of the Bank shall send to each debenture holder a notice announcing the date of the said election and enquiring whether the member is willing to serve on the Board if elected.

4. Such of the debenture holders as are willing to serve on the Board, if elected, shall intimate the fact in writing to the Secretary within 8 clear days from the date of the Secretary's notice. The absence of such intimations in writing shall be construed as unwillingness of the debenture holder to serve on the Board.

5. On the expiration of the period fixed by the Notice, the Secretary shall prepare and send by post to every debenture holder a list of the debenture holders who have previously expressed their willingness to serve as members of the Board of Directors or the Board of Supervision, if elected, together with a voting paper and shall also specify the date fixed for election and the time on the said date by which votes must be deposited with him.

Provided that no election shall be invalid by ...

the non-receipt by any elector of such voting paper.

6. The voting paper must be signed by the voter and shall be placed in a sealed cover superscribed "Voting paper for the electi of two members of the Board of Directors or the Board of Supervision for the Land Mortgage Bank" as the case may be and either delivered in person to the Secretary at the Bank's office or sent by registered post to him. Provided that voting papers which are no received by the Secretary by the appointed time shall be rejected.

7. The scrutiny and counting of the votes shall be done by the Board of Directors or the Board of Supervision as the case may be at one of their meetings, specially convened for the purpose.

8. Each voter shall be entitled to give only one vote for each candidate standing for election, but he shall record that vote for any one of the candidates.

9. After the scrutiny is completed and the votes are counted, a statement showing the number of votes received by each candidate shall be prepared and submitted to the Registrar of Co-operative Societies. Such statement shall be prepared and submitted by the members of the Board of Directors or the Board of Supervision, as the case may be, in whose presence the voting papers were scrutinised, and the votes counted.

10. The decision to select the two candidates who are to represent the debenture holders on the two Boards shall rest with the Government, whether such candidates are those who have receive the highest number of votes or not.

11.7.29

Deputy Registrar.

DRAFT.

RULES RELATING TO CO-OPERATIVE LAND MORTGAGE BANK AND LOCAL LAND MORTGAGE SOCIETIES.

Under Section 66 of the Mysore Co-operative Societies Regulation No. VII of 1918, as amended by Regulation No. V of 1929, the Government of His Highness the Maharaja of Mysore are pleased to make the following Rules relating to Co-operative Land Mortgage Banks and Local Land Mortgage Societies:-

I. THE BOARD OF SUPERVISION.

1. (1) The Board of Supervision of a Co-operative Land Mortgage Bank shall consist of five members, two of whom -- shall be representatives of the General Body of the Bank, two shall be representatives of Debenture-holders, whether they are members of the Bank or not, selected in the manner to be prescribed by Government, and one shall be nominated by -- Government ~~(whether he is a member of the Bank, or representative of Debenture-holders or other)~~.

(2) Of the two members representing the General Body, the President of the Board of Directors shall be one, and ~~(he shall also be the President of the Board of Supervision.)~~ The other member shall be elected by the General Body and shall not be one who is a member of the Board of Directors.

~~(3)~~ ~~(4)~~ The President and other members of the Board of Supervision shall hold office for a period of one year or till their successors are appointed. A retiring ~~President~~ ~~or~~ member shall be eligible for re-election.

~~(5)~~ The first Board of Supervision shall be constituted not later than two years after the registration of the Bank.

~~(6)~~ (5) The powers to be exercised and the duties to be performed by the Board of Supervision shall be as follows:-

63

(i) It shall cause the accounts of the Bank to be audited at least twice a year by two of its members.

(ii) It shall present to the General Meeting a statement of accounts based on the audit as above.

(iii) It shall settle the principles of land valuation.

(iv) It shall ~~record its opinion on~~ be entitled to receive the proposals of the Board of Directors relating to the issue of debentures, and ~~it shall record~~ to ~~its opinion thereon, which shall form part of the papers to be sent to Govt for obtaining~~

(v) It shall record ~~its opinion on the proposals~~ be entitled to receive the proposals of the Board of Directors relating to matters of general policy of the organisation and working of the Bank, and ~~it shall record~~ ~~its opinions thereon and each such~~ shall accompany the proposals when submitted to Govt

(6) The President shall preside at all meetings of the Board and conduct the business. In his absence at any meeting the other members shall elect one among themselves to preside and conduct the meeting.

(7) There shall be at least two meetings of the Board in every year.

(8) The quorum for a meeting of the Board shall be three, of whom the President or other presiding officer shall be one.

(9) Any member of the Board who fails to attend two consecutive meetings of the Board shall be deemed to have ipso facto vacated his office.

(10) Any casual vacancy in the office of the President or other member of the Board elected by the General Body, by death, resignation or any other cause shall be filled up for the unexpired term of his office by the remaining members the Board.

No. 646 C/S

DEPARTMENT OF CO-OPERATION.
GOVERNMENT OF MYSORE.

GENERAL MISCELLANEOUS BRANCH
31 JULY 1929

Telegraphic Address:
"CO-OPERT"
BANGALORE

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE.

Dated, Bangalore, 30th July 1929.

FROM

K. H. RAMAYYA, ESQ., B.A., BAR-AT-LAW,
REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,
BANGALORE.

SECRETARIAT
31 JULY 1929
DEVELOPMENT BRANCH

To

N.Rama Rao,Esq.,B.A.,B.L.,
Secretary to Government of Mysore,
Development Departments, Bangalore.

Sir,

I have the honour to forward, herewith, a copy of letter No. 53-11 dated 23rd July 1929 received from the Deputy Registrar of Co-operative Societies in the matter of fixing the number of Directors of the Land Mortgage Bank at 9 and to state that I consider it desirable to increase the strength to fifteen, so that all interests, including the four Taluks to which the lending operations of the Bank are to be confined for the present, may be properly represented and I have already proposed in my letter No.499/C.S. dated 20-7-1929 submitting the draft Byelaws that the Board should consist of not more than fifteen members (vide Byelaw No.71). Similarly, the quorum for a meeting of the Board has been fixed at 5 (vide Byelaw No.79).

Regarding the proposal that the members of the Board of Directors may be permitted to go through the Byelaws and their suggestions obtained before final approval by Government, I beg to opine that circulation among all the Directors is likely to cause undue delay and therefore suggest that Messrs. Srinivasa Iyengar's and Nagappa's opinions may be obtained.

I have the honour to be,
Sir,
Your most obedient servant,

K H Ramayya

Registrar.

Letter No.55-11 dated 23rd July 1929 from the Deputy Registrar of Co-operative Societies, Bangalore, to the Registrar of Co-operative Societies in Mysore, Bangalore.

****

I have the honour to state, in continuation of my D.O.letter No.47-11 dated the 22nd July 1929, that I met Mr.K.R.Srinivasa Iyengar to-day and furnished him with all the information he wanted relative to the proposed Land Mortgage Bank.

Mr.Srinivasa Iyengar suggested in the course of our conversation that it would be desirable to have on the Board of Directors one member each representing the four Taluks in which the Bank is to carry on its operations, and that if a suitable person cannot be found in the Taluk then a suitable person may be selected from the District concerned. I think this is a good idea and as a matter of fact in the names suggested by me for your consideration, in my letter No.84 dated the 26th June 1929, I have included the names of gentlemen drawn either from the four Taluks or, where that was not possible, from the District.

If the above suggestion is accepted, however, it may become necessary to slightly increase the total number of Directors. At present it is proposed that the Board of Directors should consist of 7 members (including the President). If 4 of these are to be moffusil members the three others would have to be drawn from Bangalore. It is proposed to fix 4 as the minimum number of members to be present to form a quorum for the meetings of the Board. To ensure a quorum always, especially as in the early stages the Board of Directors would have to meet at least twice a month, it seems necessary to add 2 more members to the Board, all the five persons, apart from the four moffussil members, being exclusively drawn from Bangalore. The Board would then consist of 9 members - 5 from Bangalore and 4 from outside. Mr.Srinivasa Iyengar thought that it was desirable that the number of members should be increased to at least 9.

Another point which Mr.Srinivasa Iyengar mentioned was about the Bylaws of the Bank. He is anxious that before the Bylaws are finally approved and issued by Government, the Board of Directors

Directors may be permitted to go through them and offer their suggestions. This request may, I think, be allowed. Whatever suggestions the Board may make, the final word is with the Government, whose approval of the Bylaws is necessary under Section 53 of the Co-operative Societies' Amendment Regulation. The draft Byelaws which I understand are now before Government may, after they are generally approved, be sent to the Board of Directors and the final approval of Government accorded after the Board's suggestions are considered and disposed of.

I am placing the above proposals before you for such action as you may deem fit to take.

****
" Copy "

K H Ramaya
Registrar.

C
19.1

DEPARTMENT OF CO-OPERATION

Telegraphic Address: "CO-OPERT" BANGALORE

Office of the Registrar of Co-operative Societies in Mysore

2 SEP 1929

D.O. No. 17 DEVELOPMENT Dated: Bangalore, 28th August 1929

Dear Mr.Rama Rao,

I write this to inform you that the meeting with the Member to consider the Byelaws of the proposed Land Mortgage Bank fixed to be held to-day at 4 P.M. is postponed. I have intimated this to the Member and to Mr.Nagappa.

Yours sincerely,

H.H.Ramaya

N.Rama Rao, Esq., B.A., B.L.,
Secretary to Government of Mysore,
Development Departments, Bangalore.

68

110/7/19

2nd September 9

Dear Sir,

As desired I am enclosing you copies of the Co-operative Societies Regulation and the Rules thereunder.

Yours sincerely,

To

K. R. Sreenivasa Iyengar, Esq., M.A.,
Retired Member of Council,
Chamarajpet.

Sri Rama Villa.
North Public Square
Basavangudi
Bangalore
10.9.1929

67

Dear Mr Ramayya

With reference to the Copy of the proposed Bye-laws of the proposed Land Mortgage Bank, & to the personal Conversation we had this morning, I wish to make the following suggestions for consideration of the 3rd meeting.

First it is necessary to make the whole concern a limited, as unlimited liability is not suited for large loans. Second the maximum profit payable to the Shareholders should be 6% instead of 5% as it is difficult to raise money.

Third ~~introduction~~ Debentures must be raised to 6% else it is not possible to raise

money at 5%.

The Officers of the Mysore Banks are of the same opinion.

It is better to raise Debentures for 50,00000 Rs to extend the operations of the Bank to more Talugs and different Districts as it is beneficial measure intended to relieve the indebtedness of the poor ryots.

Fourth As the Bank is a Cooperative institution, one man should have one vote & annual election of the office bearers including the President must be held.

Fifth As the Bank is intended to relieve the indebtedness of the poor ryot the interest charged on loans should be kept as low as possible i.e. sufficient to meet the interest on Debentures and probable contingent expenses

Say. 8 or 8½ % & not more. Penal
interest should not exceed 10% above the rate
on fixed deposit account

I have not entered into
minor details which can be
left right. I have only given the
main lines on which the Considerations
may be proceed at present.

Yours Sincerely
B. Nagappa.

DEPARTMENT OF CO-OPERATION.

Telegraphic Address:
"CO-OPERT"
BANGALORE

Office of the Deputy Registrar of Co-operative Societies
in Mysore.

D.O. No. 119.

Dated, Bangalore,.....15th September...192 9.

Encls. 5 papers
and one file.

My dear Sir,

I have further revised the drafts of the By-laws of Land Mortgage Bank and the Rules under the Regulation in accordance with your instructions and am submitting them herewith for approval or other orders.

I am also submitting for your consideration a statement showing the estimated cost of working of the Bank for two years, adopting the rates of pay suggested by you. The -- estimate given by Mr. K. R. Srinivasaiengar is also submitted.

A list giving the points on which Government orders are required is submitted. After orders are passed on these points I shall further revise the draft prospectus, already seen by you, and submit it for your final approval.

I am returning the Secretariat file of papers handed to me under separate cover.

Yours sincerely,

M Sreenivasaiengar

The off orders have been taken by the D.R. for revising copies for accd to appts off

Rajamantrapravina

K. Matthan, Esq., B.A.,

Member of Council.

DEPARTMENT OF CO-OPERATION.

71

Telegraphic Address:
CO-OPERT"
BANGALORE

Office of the Deputy Registrar of Co-operative Societies
in Mysore.

D. O. No.

Dated, Bangalore, 28th September 1929.

Dear Mr. Rama Rao,

Herewith the two copies of the By-laws and Rules as promised. I have had the first two pages of the Rules retyped. The original papers with the corrections approved by the Member also accompany.

Yours sincerely,

M Ramachandra

REVISED DRAFT

BY-LAWS OF THE MYSORE CO-OPERATIVE LAND MORTGAGE BANK, LTD.,

Name.

1. The name of the Bank is the Mysore Co-operative Land Mortgage Bank, Ltd., Bangalore City

Address.

2. The registered address of the Bank is the Bangalore City where the office of the Bank shall be situated.

Objects.

3. The objects of the Bank are:-

(i) to attract capital by means specified hereafter

(ii) to grant loans, and particularly long term loans, to bona fide land-owning members on the mortgage of agricultural land, either direct or through registered co-operative land mortgage societies; and

(iii) to do all such other acts as are incidental or conducive to the attainment of the above objects.

Membership.

Membership of the Bank is open to every person residing or carrying on business within the limits of the Mysore State who has attained the age of majority and is legally capable of entering into a contract and of every ~~co-operative land mortgage society~~ registered under the Mysore Co-operative Societies Regulation

4. A person or co-operative ~~land mortgage~~ society wishing to become a member of the Bank shall apply to the Secretary of the Bank in the prescribed application form for membership. The application shall be accompanied by an entrance fee of Re. one, a share fee of annas four for each share applied for and also, at least, the first instalment of ~~share~~ Rs.10/- towards each share applied

6. The application shall be considered by the Board of Directors of the Bank and if it thinks fit, the applicant may be admitted as a member of the Bank and allotted ~~with~~ the full number of shares applied for or such smaller number as the Board may deem fit. The Board may reject any application for membership without assigning reasons. In the event of the application being rejected in full, the total amount paid by the applicant with the applicantion will be refunded to him. If only a smaller number of shares than applied for is ~~sanctioned~~ allotted, the proportionate share fee and share instalment shall be refunded or credited to his share account.

7. Every person or co-operative [illegible] ciety whose application for membership has been accepte the Board of Directors shall be deemed to have become member of the Bank and acquired all the rights and abilities of a member from the date of such acceptance.

A co-operative land mortgage society which is a mber of the Bank shall be termed an affiliated societ

8. Every member shall hold at least one share. No individual member can at any time hold more than 20 shar

9. The name and address of every person admitted to membership as set forth in the application form shall be entered in the register of members. All changes in their addresses shall be intimated to the Secretary by the members and the same duly entered in the said registe

10. (a) Every person who is a member of the Bank may nominate any person to succeed in the event of his death to his share or interest in the Bank. Such nomination shall in the event of his death be given effect to by the Bank. Provided that

(i) the nomination has been registered in the

books of the Bank maintained for the purpose; and

(ii) the person nominated shall have been admitte by the Board of Directors to membership.

(b) No fees shall be charged for registering the nomination for the first time, but for registering every subsequent change, a fee of four annas shall be paid.

Cessation of Membership.

11. (a) ~~An associated~~ A Society shall cease to be a member of the Bank if it is removed from membership or if it is dissolved.

(b) Any other member shall cease to be a member of the Bank on death, expulsion, insolvency, ceasing to hold any share of the Bank (by withdrawal, transfer, resignation or forfeiture) and permanent removal of residence from within the limits of the Mysore State.

~~(c) A person who is a member of the Bank and who~~ permanently removes his residence from within the limits of the Mysore State shall cease to be a member from the date of such removal.

13. The Directors shall have power to remove any member for being persistently in default in respect of any sum due to the Bank ~~or if the Bank is put to the necessity of taking proceedings against him to enforce its obligations towards the Bank.~~

14. The Board of Directors shall remove from membership any person who, being a member of the Bank

(a) deliberately commits a serious breach of the rules or the bye-laws;

(b) wilfully deceives the Bank by false statement or fictitious documents or endeavours in any way to defraud the Bank;

(c) is declared insolvent;

(d) is convicted of an criminal offence which,

in the opinion of the Board, is such as to render him unfit to continue as a member of the Bank; or

(e) becomes legally or mentally incapacitated, or

does any act which is likely to be injurious to the credit, reputation or stability of the Bank.

15. ~~Should a member cease to hold the qualificati~~ when a person for some reason ceases to be a member ~~necessary for admission to membership of the Bank~~, the Board of Directors shall remove his name from the list of members and shall pay him back within a reasonable period the share capital actually paid by him with the dividend declared, if any, after deducting therefrom the money, if any, due from him to the Bank either as principal debtor or as surety.

16. (a) If a member dies, his membership shall ipso facto cease.

(b) On the death of a member, his nominee, if any, registered inthe books of the Bank under by-law 10, or heir or legal representative in interest may, on application be admitted as a shareholder of the Bank if he is not already one, and the Board of Directors may, subject to the limit prescribed in by-law 8, transfer the shares held by the deceased member to such applicant on payment of a fee of four annas for each share transferred.

(c) Should, however, such a transfer be not made the Board shall pay the share capital paid by the deceased with the dividends if any due up to the date of payment after the same has been declared to the heir, representative in interest or the nominee of the deceased under the by-laws in force at the time, after deducting the amounts due to the Bank from the deceased member.

Funds

17 (a) The Bank will ordinarily obtain its funds from the following sources:

(i) share subscriptions;

(ii) deposits;

iii) debentures;

(iv) Grants and other miscellaneous items.

(b) The liabilities of the Bank by way of deposits, issue of debentures or otherwise shall at no time exceed twelve times the paid up share capital plus reserve fund.

Liability

18. The liability of a member is limited to the value of share or shares held by him.

19. (i) A past member shall be liable for the debts of the Bank as they existed on the date when he ceased to be a member for a period of two years from such date

(ii) The estate of a deceased member shall be liable for the debts of the Bank as they existed on the date of his decease for a period of one year after his decease.

Transfer of shares.

20. No member shall be permitted to transfer his share or shares except with the previous sanction of the Board of Directors.

21. Every transferee of a share or shares shall pay a fee of four annas for every share so transferred.

22. No member shall be permitted to raise any money on the security of, or create any charge in respect of, his share or shares in the Bank.

Withdrawal from Membership.

23. No member shall be permitted to withdraw any of the shares held by him in the Bank before the expiry of ten years from the date when such [illegible] allotted to

him. After that period is over a member may withdraw shares with the consent of the Board of Directors. provided, firstly, that he has given at least six month notice of withdrawal; secondly, that the total amount of shared capital that is permitted to be withdrawn in any one year does not exceed ten per cent of the agreed paid-up share capital of the Bank as it was on June 30t preceding; thirdly, that there are no debts due from him to the Bank; and fourthly, that there are no debts due to the Bank in regard to which he has stood surety. when a member withdraws shares under this by-law, he shall be paid back the share capital actually paid by h with the dividend declared if any. For the purpose of calculating the maximum amount of share capital withdra able in any one year in accordance with this by-law, al repayments of share capital, whether by way of adjustme or otherwise, are to be included except such as are mad under by-laws 15 and 16 (c).

23. (a) No affiliated society will be permitted to withdraw from membership.

Shares.

24. The share capital of the Bank shall, for the present, be fixed at Rs. five lakhs made up of 10,000 shares of the value of Rs.50 each.

Payment of share money.

25. The members shall, subject to the provisions contained in by-law 5 pay the amount of share or shares allotted to them either in one lumpsum or in monthly instalments of Rs.5 each for each share held and the same shall be paid on or before the 15th of the month for which the instalment is due. Default interest at the rate of two pies per rupee a month shall be levied on all overdue share instalments.

26. If the share instalments remain unpaid for more than three months, the Board of Directors may, in the absence of satisfactory reasons declare such shares cancelled and payments made thereon if any forfeited and the rights of membership if any attaching to these shares extinct. Such shares may however be renewed if the Board of Directors permits, within a period of three months from the date of notice of forfeiture, on payment of all arrear amounts including interest and renewal fee of one rupee per share.

Deposits

27. The Board of Directors may receive deposits at their discretion either from members or others and it shall be open to them to settle the terms on which deposits shall be taken, provided that the interest on such deposits shall not, in any case, exceed 6% per cent per annum and provided also that no deposit shall be received for a period of less than three years.

Debentures.

28. Subject to by-law 17 (b) and subject to the condition that the total loan raised does not exceed 20 lakhs of rupees, the Bank may raise loans from time to time by the issue of debenture bonds bearing interest not exceeding six per cent per annum and liable to be redeemed within such period not exceeding 30 years as may be prescribed by the Bank.

29. Debenture bonds issued under by-law 28 shall be deemed to be negotiable instruments to which the provisions of the Mysore Negotiable Instruments Regulation 100 apply and shall be included among the securities in which a Trustee may invest funds under any law for the time being in force in Mysore.

30. Debenture bonds shall not be issued except with

the previous sanction of the Government, and they shall be in such form and contain such covenants and provisions as the Bank may, with the previous sanction of Government prescribein this behalf.

31. The Bank shall, once every year, draw for redemption by lot as many debenture bonds as its financial condition permits, or if the Bank deems it preferable it may repurchase its bonds ax instead of drawing them by lot. Provided that the Bank shall not redeem or repurchase any debenture bond issued by it within a period of ten years from the date of issue of the Bond.

32. The Bank shall be at liberty to effect a reduction in the rate of interest payable on any series of debenture bonds provided that option is given to the holders of such bonds to accept payment in cash at par value.

33. The previous sanction of Government will be necessary for:

i. the issue of debentures;

ii. the conversion of one class of debentures into another class bearing a different rate of interest; or

iii. for any other matters in which the Government may desire that their previous sanction should be obtained.

34. (i) Debentures which, by reason of damage sustained, have become unfit for circulation, provided however that the essential marks for genuineness and identity are still recognizable, especially the number, the amount, the rate of interest, the date and signatures of the authorised executing officers of the Board of -- Directors, will be replaced at the request of the holder on giving up the damaged or defaced debentures. Fresh debentures shall also be issued to replace completely destroyed debentures when, in the opinion of the Board of Directors, the fact of destruction is proved without

any doubt or uncertainty.

(ii) When such proof is not produced or when in case of damage the essential marks on the debenture are lost and no longer recognizable as well as in all cases in which the debenture has been stolen from the owner or has been in other ways mislaid, a new debenture will only be issued when the debenture which is alleged to be missing or unrecognizable has been previously advertized for by the claimant in the manner prescribed by the Board of Directors and its nullity legally declared.

(iii) The re-issue shall always be made for the same amount under the same number with the addition of the "renewed" and at the cost of the debenture holde concerned.

35. The debenture shall be signed and executed by at least three members of the Board of Directors of whom the President shall be one. The Bank shall have a special seal to be used for debentures and the seal shall remain in the safe custody of the President.

36. No debenture holder can claim the repayment of the value of his debenture before the expiry of the period for which the debenture was issued.

37. Debentures in respect of which notice of redemption has been given to the holders by the Board of Directors must be given up on the expiry of the term mentioned in the notice; and if the debentures are not handed in until after the expiry of the term the holder shall have no claim upon the Bank for interest accruing after the expiry of the term.

38. The capital raised by debentures shall be invested on long term loans, short term loans, if any, being given out of shares and deposits.

39. Whenever a Trustee is appointed by Government, the Bank shall, if so required by the trustee, transfer to him its right in the mortgages on the security of which debentures are issued. The Bank shall also credit to an account opened in the trustee's name in such other bank as may be approved by him, all recoveries made from members of the Bank under the terms of their mortgage deeds. The Bank shall also carry out all instructions that may, from time to time, be issued by the trustee under the powers vested in him by the Mysore Co-operative Societies Regulation and the Rules thereunder.

Loans.

40. The lending operations of the Bank shall, for the present, be confined to the taluks of Sagar, Koppa, Sakleapur and Tumkur.

41. Loans shall be given only to Members, but no member can claim a loan as a matter of right. Applications for loans shall be disposed of by the Board of Directors.

42. All applications for loans shall be made to the Secretary in the form prescribed for the purpose. He shall place them before the Board of Directors which shall have discretion to grant or reject loans without assigning any reasons.

43. Loans may be given by the Bank only for the following purposes:-

(a) Redemption of subsisting mortgages on agricultural land;

(b) Liquidation of other prior debts of agriculturists;

(c) Improvement of land or for the better cultivation of it; or

(d) Current agricultural operations.

44. Loans shall ordinarily be granted direct to

individual borrowers. Provided that where local co-operative land mortgage societies are specially formed for the purpose, the Bank may grant loans through such societies.

45. No loan shall be granted for an amount below $.500 nor above $.5,000 ordinarily. Provided that where a loan is granted to a local co-operative land mortgage society, the amount of the loan may be $.30,000.

46. Long term loans shall be granted for redemption of subsisting mortgages on agricultural land and for liquidation of other prior debt. And short term loans shall be granted for improvement of land or of methods of cultivation or current agricultural operations; provided that short term loans shall not be granted except to a member who has been previously granted a long term loan and whose mortgage is subsisting.

47. (i) Loans granted by the Bank shall bear interest at rates fixed from time to time but not exceeding

(a) a maximum of ~~nine~~ eight per cent per annum in the case of long term loans; and

(b) a maximum of ~~ten~~ nine per cent per annum on short term loans.

(ii) Should a borrower fail to repay his loan or instalment thereof within the stipulated time, he shall be liable to pay interest at ~~12~~ 2 per cent per annum on the instalments actually overdue from the due date to the date of settlement.

48. Long term loans granted by the Bank shall be repayable in equal yearly instalments which shall not be more than ~~25~~ 30 (less than 25 or as may be fixed by the Board of Directors, and shall not be liable to be recalled except under ~~conditions specified in by-law 53~~ the provisions of Sec 59 of the Co-operative Societies Act, Cap. Nothing in this by-law shall be considered to preclude the borrower from repaying his loans wholly or in part at any earlier time.

45. Long term loans and the interest due thereon shall be discharged by a system of equated payments, but the borrower will be at liberty to pay larger sums according to his convenience.

46. Long term loans shall be granted by the Bank only on the mortgage of agricultural land which is situated in Mysore. Such mortgage shall be without possession.

51. The Board of Directors may require an applicant for loan to mortgage all or part of his other immovable property as security in addition to the mortgage of land prescribed in by-law 50 or may require him to give two reliable personal sureties who must be members of the Bank.

52. The land mortgaged to the Bank as security under by-law 50 shall have no prior encumbrances, save the mortgage or mortgages to be redeemed by the loan given by the Bank.

53. Long term loans granted by the Bank shall not exceed 50 per cent of the value of the property which is mortgaged to the Bank on account of those loans.

54. The valuation of the properties offered as security for loans shall be made by the Bank in accordance with subsidiary rules to be framed in that behalf and approved by the Registrar.

55. When a mortgage deed is executed by a member the Board of Directors shall insist on all persons interested in the property joining in the execution whether such persons are themselves members or not.

56. Every application for a loan shall be accompanied by the title deeds and other documents relating to the land proposed to be mortgaged.

7. Loans may at the discretion of the Board of Directors

34

be recalled

(1) if after the loan has been granted, the information furnished by the debtor regarding the security, the encumbrances thereon or his rights therein, is found to be incorrect in material particulars; or

(2) if a loan is utilised for a purpose different from that for which it was granted; or

(3) if the mortgaged property has, in the opinion of the Bank, deteriorated in its value and the debtor fails to furnish additional security to the satisfaction of the Bank; or

(4) if on the death of the debtor or, in the case of joint debtors, on the death of any one of them, his legal representative does not consent to continue as member; or

(5) if for any other reason, the debtor or, in the case of joint debtors, any one of them ceases to be a member of the Bank; or

(6) if the debtor commits default in the payment of any instalment on the due date; or

(7) if the debtor alienates or creates any subsequent encumbrance on the mortgaged property; or

(8) if the land mortgaged as security for the loans is in danger of being swept away by river or flood or silted up with sand.

58. When a loan is recalled under by-law 57, the Bank shall send a written notice of such recall to every subsequent mortgagee, alinee or charge holder of the properties mortgaged to the Bank in respect of the loan recalled. Provided such mortgagee, alienee or charge holder has had his interest in the land registered in the office of the Bank.

59. When a loan recalled by the Board of Directors is not repaid within three months from date of recall, the

Bank shall apply to the Registrar of Co-operative Societies for the recovery of the loan, and for the remedies available under Section 60 of the Mysore Co-operative Societies Amendment Regulation No. 9 of 1929.

60. When a loan is recalled under by-law 57 the loan account shall at once be closed without reference to the term for which the loan has been granted. When an account is so closed, the Board of Directors shall inform the borrower of the fact and of the amount outstanding against him including interest up to the date of closing of the loan account. On the total amount so found due, the borrower shall be charged interest at twelve per cent per annum from the date of closing the loan account to the date of recovery.

61. The amount of paid-up share capital, deposit and any other money to the credit of a member or a past member shall be subject to a first charge in favour of the Bank in respect of any moneys due to the Bank from such member or past member. The Bank shall be at liberty to appropriate the whole or any portion of such paid-up share capital or deposit or any other money to the moneys due by the member to the Bank.

62. When a member from whom money is due pays any sum, it shall be appropriated in the following order:-

First to fees, postal, registration and other miscellaneous charges due by him;

Secondly to interest; and

Thirdly to principal.

Profits.

63. The net profits of the Bank as declared by the Registrar every year shall be disposed of as shown below:-

(i) not less than ten per cent shall be carried to the credit of the Reserve Fund;

(ii) out of the remainder, a dividend subject to a maximum of five per cent per annum on the paid up value of each share may be paid to members, proportionately to the amount of paid up share capital held by each and also to the period during which the paid up share capital was so held during the year; and

(iii, the balance shall be added to the Reserve Fund.

Note: All undisbursable and indivisible profits shall be added to the Reserve Fund.

Reserve Fund.

64. The reserve fund shall be formed by the Bank. To this shall be carried

(i) a sum not less than ten per cent of the net profits of every year;

(ii) the interest on the capital of this fund;

(iii) amounts not claimed; and forfeited;

~~(iv) proceeds of drawn and expired mortgage bonds; &~~

(v) any other funds which may be credited to the reserve fund by the General Body of members.

65. The Reserve Fund shall be invested in such manner as the Registrar of Co-operative Societies may prescribe and shall not be drawn upon except with his sanction.

66. With the previous sanction of the Registrar, the loss in any year may be met from the Reserve Fund, provided that no dividend on the shares is paid that year.

67. In case of ~~the~~ dissolution of the Bank, the Reserve Fund and other funds contributed by it under the provisions of its by-laws may be applied in such manner and to such purposes not inconsistent with the Regulation and Rules as may be determined, with the approval of the Registrar, by the majority of the members.

Management.

68. The administration of the Bank shall be vested in the following:-

(a) Board of Directors;

(b) Board of Supervision; and

(c) General Body of the members of the Bank.

69. The members of the Board of Directors and of the Board of Supervision shall consist of members of the Bank and representatives of Debenture holders provided that the Government of His Highness the Maharaja of Mysore shall have the right to nominate one member to the Board of Supervision and one member to the Board of Directors, whether members of the Bank or representatives of Debenture holders or others.

BOARD OF DIRECTORS.

70 (a) The Board of Directors shall consist of a President and 11 members, of whom nine members shall be elected by the General Body, two will be representatives of Debenture holders selected ~~from among themselves~~ in accordance with the rules prescribed by Government and one will be nominated by Government. ~~in accordance with by-law 67 above.~~ The remaining members of the Board of Directors shall (and the President to be elected by the Board) ~~elect a President from among themselves. The election of the President shall be subject to the approval of Government.~~

(b) The President as well as the other members of the first Board of Directors shall be nominated by Government and shall hold office for a period of two years, at the end of which they shall be replaced by a Board constituted in the manner laid down in by-law 70 (a).

71. The President and other members of the Board of Directors shall hold office for a period of three years. Provided that one third of the number of the Directors

58

elected by the General Body shall retire each year by rotation. The Directors to retire at the end of each year shall be those who have been longest in office. In case any question should arise as to which of the Directors who have been the same time in office shall retire, the same shall be decided by the Directors by ballot unless they shall agree among themselves upon the subject.

72. The Board of Directors shall administer and conduct the affairs of the Bank, prepare and issue agreements, declarations etc., and represent the Bank by one of its members selected for that purpose at all legal proceedings.

73. Subject to such resolutions as the Board of Directors may from time to time pass, the several officers of the Bank shall have the powers mentioned below:-

(a) The President shall a general control over all the affairs of the Bank. He shall also have power to appoint the members of the establishment as well as to fine, suspend or dismiss them, subject in the case of office bearers carrying a salary higher than Rs.50 per mensem to the approval of the Board of Directors.

(b) The Secretary shall be responsible for the executive administration of the Bank subject to the control of the President.

(c) ~~The President shall be the officer to sue or be sued on behalf of the Bank and~~ All bonds in favour of the Bank shall be in the name of the President, ~~& all bonds by the Bank, except those for moneys borrowed shall be executed by the President~~

Cumulative Bonds executed by the Bank

(d) The Treasurer shall have custody of all properties of the Bank. He shall take charge of all money received by the Bank from the members and from others and

89

shall make disbursements in accordance with directions of the Board. He shall sign the cash book in token of its correctness and produce the ~~xxx~~ cash balance whenever called upon to do so by the Board or auditor.

74. Whenever the President is ~~obliged to absent himself from~~ prevented from attending his office by indisposition or any other cause, one of the other directors elected by the Board from among themselves, ~~and approved by Government,~~ shall officiate for the President and exercise the powers and perform the duties of the President.

75. (a) Any casual vacancy occurring in the office of the President or other Director by death, resignation or any other cause shall be filled up for the unexpired term of his office by the remaining members of the Board ~~subject in the case of the President, to the approval of Government~~ except in the case of the nominee of the Deputy Minister of Finance (Debentures) Ltd. If this place becomes vacant, first should nominate another member

(b) Any member of the Board who fails to attend three consecutive meetings of the Board ~~without the consent of the Board~~ shall be deemed to have ipso facto vacated his office.

(c) A vacancy occurring in the Board by the resignation of the President or other Director shall take effect from the date on which the Bank receives the resignation in its office.

76. The Board may function notwithstanding any vacancy in its number.

77. A retiring director or President shall be eligible for re-election.

78. The entire executive authority of the Bank shall be vested in the Board of Directors. Five Directors including the President or other director presiding shall

form the quorum for a meeting of the Board. All questions before the Board shall be decided by a majority of votes. The Chairman shall have a second or casting vote in case of an equality of votes.

79. The Board shall meet once a month or oftener if necessary to conduct the affairs of the Bank. No member of the Board of Directors shall be entitled to be present at a meeting when any matter in which he is personally interested is being discussed.

80. It shall be competent to the President to direct that any particular question or questions be decided by circulation of papers, by post or otherwise, among the members of the Board, provided that all the members of the Board shall have had a reasonable opportunity of expressing their opinions and that such decision shall have been concurred in by an absolute majority of the total number of members of the Board.

81. Any member of the Board of Directors who commits default for more than 3 months in respect of a loan taken by him from the Bank shall ipso factobe considered disqualified to continue as a member of the Board, but he shall be eligible for re-nomination. But if the default has been for a period of three months or less, the defaulter may be reinstated by the general body on his showing good cause for the default. In no circumstance shall a defaulter continue to hold office as a member of the Board of Directors if his default has continued for more than three months.

82. The President, by virtue of his office, and the Secretary when specially authorized thereto by the Board of Directors, shall have power, singly or jointly to execute all documents, grant receipts, and sign cheques and papers and to transfer or negotiate in negotiable instruments. In the case of share certificates, however, they shall be signed both by the President and the Secretary. Where a Secretary has been appointed of any one Director,

33. It shall be the duty of the Board of Directors to maintain such accounts and registers as are prescribed by the Registrar from time to time, to xxxx place before a meeting of the General Body the Registrar's notes of audit or inspection, within one month from the date of receipt, to correspond with the Registrar and to do all other business relating to the Bank.

34. The Board of Directors shall have power to prescribe from time to time the scale of office establishment and to incur such expenditure as may be necessary for the management of the Bank with reference to the scale and within the budget allotment sanctioned by the General Body for each year.

35. The Board of Directors shall be competent to fix the amount and nature of the security, if any, to be given by the officers of the office establishment.

36. It shall be competent to the Board of Directors to frame subsidiary by-laws for the conduct of the business of the Bank consistent with the Regulation, the rules under the Regulation and these by-laws. Such subsidiary by-laws shall be xxx entered in the minute book of the Bank and they shall be reported to the Registrar of Co-operative Societies for approval.

37. The members of the Board of Directors shall be responsible for the good management of the Bank. They shall be liable to the Bank for any wilful neglect of their duties and for any distribution of profits or assets contrary to the provisions of the Regulation, Rules or the by-laws.

Board of Supervision.

38. The Board of Supervision shall come into existence two years after the opening of the Bank. The appointment, suspension and removal of the members of the Board, the procedure at its meetings and the powers to be exercised and

92

and the duties to be performed by it shall be regulated in accordance with the Rules to be prescribed by Government under the Co-operative Societies Regulation.

General Body.

89. Subject to the general control of Government and of the Registrar of Co-operative Societies, the ultimate authority in all matters relating to the administration of the Bank shall be the general body of the members who shall meet from time to time and at least once a year to conduct the work of the Bank. The first ordinary general meeting of the General Body shall be held at the end of one year from the date of the registration of the Bank. The following among other matters shall be dealt with by the General Body:-

(i) The election and removal of their representatives on the Board of Directors and the Board of Supervision;

(ii) The annual report due to the Registrar of Co-operative Societies;

(iii) The Registrar's annual audit order;

(iv) The amendment or repeal of any existing by-laws or the enactment of a new by-law;

(v) The expulsion of a member; or

(vi) The consideration of any complaint which any individual member may prefer against the Board of Directors.

(vii) Appeals against the decision of the Board removing a person or Society from membership

90. A meeting of the General Body of the members may be convened whenever necessary for the conduct of the business of the Bank by the Board of Directors and shall be so convened by the Board of Directors at the request of fifteen or more members, or at the instance of the Registrar of Co-operative Societies.

91. The quorum for a meeting of the General Body shall be 25 or one-fourth of the total number of members on the list at the time, whichever is less.

92. The President present shall preside at the meetings

of the general body. In the absence of the President the members present may choose a Chairman from their number to preside at the meeting. Every member present shall have one and only one vote. Voting by proxy shall not be allowed. All questions shall be decided by a majority of votes of the members present and voting. When votes are equal, the chairman of the meeting shall have a casting or second vote. Minor heirs or legal representatives of deceased members if admitted to membership under by-law 13 (b) shall have not voting power. In the case of a society share-holder, an member of the society duly authorised on that behalf by the society may attend in person and vote in person. Even if the same member is an individual shareholder of the Bank and also a representative of the society, he shall not have, on that account, more than one vote.

5. Seven clear days' notice shall be given to members for a meeting of the General Body. The notice shall specify the day, hour and place of meeting and shall also be accompanied by an agenda paper showing the business to be brought up before the meeting.

6. No amendment to, alteration in, or cancellation of a by-law and enactment of a new by-law shall be made except at a general meeting of the members or shall take effect until it shall have been approved by Government.

7. All other matters concerning the organisation and the working of the Bank as well as the remuneration, if any, which the members of the Board of Directors, the Board of Supervision, the Local Agents and the auditors may receive shall be regulated by resolutions passed by the General Body and approved by Government. Provided, in the interval between the registration of the Bank and the first ordinary general meeting of the General Body, such matters shall be regulated by subsidiary instruction to be issued by Governm

Miscellaneous.

96. Government ~~shall have power~~ may at any time to order a revaluation of the properties mortgaged to the Bank in order to ensure that the properties so mortgaged have not deteriorated. When, as a result of such revaluation, the security is found inadequate, the Bank shall have power to demand additional security from the party responsible.

97. The accounts of the Bank shall be audited at least once a year by a duly certified auditor. The Government ~~shall~~ may also ~~have power to~~ have the accounts of the Bank audited whenever they consider it necessary by any person to be deputed by them.

98. The Bank's year shall begin on the 1st of July and end on the 30th June following.

99. Within ~~three months~~ one month after the close of the Bank's year the Board of Directors shall publish annually

(a) a balance sheet showing the assets and liabilities of the Bank;

(b) a profit and loss account; and

(c) a statement showing the receipts and disbursements for the year.

RULES RELATING TO CO-OPERATIVE LAND MORTGAGE BANK AND LOCAL LAND MORTGAGE SOCIETIES.

Under Section 56 of the Mysore Co-operative Societies Amendment Regulation No. V of 1928 the Government of His Highness the Maharaja of Mysore are pleased to make the following Rules relating to Co-operative Central Land Mortgage Bank and local Land Mortgage Societies:-

1. In these Rules

(1) "Regulation" means the Mysore Co-operative Societies Amendment Regulation No. V of 1928.

(2) "Bank" means the Central Co-operative Land Mortgage Bank registered under the Regulation.

(3) "Affiliated Society" means a Co-operative Land Mortgage Society for any local area which is registered under the Regulation and which is a member of the Bank.

THE BOARD OF SUPERVISION.

2. (1) ~~There shall be a Board of Supervision for the Bank in addition to the Board of Directors.~~ The First Board of Supervision shall however be constituted not later than two years after the registration of the Bank. The Board shall consist of five members, two of whom shall be elected by the General Body of the Bank, two shall be representatives of debenture-holders elected from among themselves in the manner hereinafter laid down and one shall be nominated by Government, whether he is a member of the Bank or representative of debenture holders or other.

(2) The members of the Board shall hold office for three years or till their successors are appointed and they

shall be eligible for re-election.

(3) No member of the Board of Directors of the Bank shall also be a member of the Board of Supervision.

(4) The members of the Board shall elect a President among themselves who shall preside at and conduct the meetings of the Board. The appointment of President shall be subject to the approval of Government.

(5) The President shall preside at all meetings of the Board and in his absence at any meeting, the other members shall elect one among themselves to preside and conduct the meeting.

(6) There shall be at least two meetings of the Board in every year.

(7) The quorum for a meeting shall be three, of whom the President or other presiding officer shall be one.

(8) Any member of the Board who fails to attend two consecutive meetings ~~without the consent of the Board~~ shall be deemed to have ipso facto vacated his office.

(9) Any casual vacancy occurring in the office of the President or other member of the Board for any reason whatsoever shall be filled up for the unexpired term of his office by the remaining members of the Board, subject in the case of the President, to the approval of Government.

(10) Any member of the Board who is a defaulter to the Bank or does any act which is likely to be injurious to the credit, reputation or stability of the Bank shall be liable to be removed from membership of the Board by Government.

(11) The Board of Supervision shall have powers of general control and supervision over the affairs of the Bank. It shall have power to check the accounts of the

bank and examine the securities as often as possible. It shall cause the accounts of the Bank to be audited at least twice a year by two of its members and shall present to the General Body of the Bank a statement of accounts with its opinion on the securities and other assets of the Bank.

TRUSTEE.

(1) When any part of the capital of the Bank consists of loans raised by debentures issued by the Bank, ~~it shall be competent to Government to appoint a~~ There should be a Trustee whose duty shall be to see that the Bank fulfils its obligations to the debenture holders.

(2) The Trustee may call upon the Bank to transfer to his name its rights in the mortgages on the security of which debentures are issued.

(3) The Trustee may also require the Bank to credit to an account to be opened in his name in any other Bank approved by him all recoveries made from members of the Bank under the terms of their mortgages, whether through equated payments, or on redemption, or upon sale.

(4) The Trustee shall also have the following powers:

(i) To invest or to require the Bank to invest the money at the credit of his account in his own name in any investment or deposit authorised by any law in force relating to the investment of trust funds and to vary such investments at his discretion;

(ii) to require the Bank to redeem any or all of the debentures according to the rules relating to redemption;

(iii) to determine the method of redeeming any debentures before the expiry of the term

for which they were issued; and

(iv) to proceed against the Bank or the mortgagors whose mortgage deeds have been transferred to him or against both, in case of default of payment of moneys due to the debenture holders.

(5) The Trustee can, at any time, be replaced by another trustee. A trustee so appointed shall, as the successor in interest of the trustee whom he replaces, inherit all his powers and rights.

Constitution and working of local land mortgage societies and the mutual rights and obligations of such societies with the Co-operative Land Mortgage Bank.

4. (1) A Co-operative Land Mortgage Society may be constituted for every taluk or portion of a taluk or a village or a group of villages.

(2) The registration of the society shall be in the manner laid down in Section 8 of the Co-operative Societies Regulation and the Rules thereunder.

(3) The liability of the members of the society so registered shall be limited.

(4) Every registered society shall become a member of the Land Mortgage Bank and be bound by the by-laws of the Bank. It shall then be termed an "affiliated society."

(5) Subject to the by-laws of the Bank, loans shall be granted to affiliated societies by the Bank to be distributed to such of the members of the society as have applied for loans for the redemption of subsisting mortgages or for liquidation of other debts.

(6) An affiliated society shall grant loans only on the security of mortgage of agricultural land. Such

loans shall be long term loans and repayable in specified number of equal annual instalments towards principal as well as interest.

(7) An affiliated society may grant short term loans to such of its members as have taken long term loans out of its own funds or from funds that may be placed at its disposal by the Bank for such a purpose.

(8) The rates of interest for long term and short term loans leviable by the society shall be determined by the Bank from time to time.

(9) An affiliated society shall transfer to the Bank its rights in the mortgages on the security of which loans are granted to its members.

(10) An affiliated society shall undertake to collect periodically all dues from its debtors towards principal and interest and remit it to the Bank.

(11) When a default is made in the payment of dues by any debtor of the society, the society shall at once take steps, in consultation with and in accordance with the directions of the Bank, to recover the whole of the amount due to it by the debtor by proceeding against him in accordance with the provisions of the Co-operative Societies Amendment Regulation for the recovery of the loan.

(12) The working of an affiliated society shall be subject to the supervision and periodical inspection by the Bank, which shall also have a right to have the accounts of the society audited once at least every year.

(13) Every affiliated society shall be bound

(a) to administer its work in strict conformity with its by-laws and with the by-laws of the Bank.

(b) to carry out carefully the rules drawn up for its guidance by the Bank and to submit to the Bank such statements and reports as may be prescribed.

(c) to take the sanction of the Bank before raising any loan from any sources other than the Bank.

Mode of electing representatives of debenture holders for appointment to the Board of Directors and Board of Supervision of the Bank.

5. The election of two members to the Board of Directors and two members to the Board of Supervision of the Land Mortgage Bank to represent the debenture holders will be conducted in accordance with the following rules:-

(1) The election shall be held on such date as may be fixed by the Board of Directors and the Board of Supervision.

(2) Not less than three months before the date fixed for election a notice will be caused to be published by the Bank in the official gazette and in any other manner as the Bank may decide, requiring all holders of debenture bonds as on the date of such notice to have their names registered with the Bank within one month from the date of such notice in order to participate in the election of representatives to the two Boards.

(3) All debenture holders whose names are so registered on the books of the Bank shall be eligible to vote and to stand for election.

(4) Not less than one month before the date of election, the Secretary of the Bank shall send to each

debenture holder a notice announcing the date of the said election and enquiring whether the debenture holder is willing to serve on the Board if elected.

(5) Such of the debenture holders as are willing to serve on the Board, if elected, shall intimate the fact in writing to the Secretary within 8 clear days from the date of the Secretary's notice. The absence of such intimation in writing shall be construed as unwillingness of the debenture holder to serve on the Board.

(6) On the expiration of the period fixed by the notice, the Secretary shall prepare and send by post to every debenture holder a list of the debenture holders who have previously expressed their willingness to serve as members of the Board of Directors or the Board of Supervision, if elected, together with a voting paper and shall also specify the date fixed for election and the time on the said date by which votes must be deposited with him.

Provided that no election shall be invalid by reason of the non-receipt by any elector of such voting paper.

(7) The voting paper must be signed by the voter and shall be placed in a sealed cover superscribed "Voting paper for the election of two members of the Board of -- Directors or the Board of Supervision for the Land Mortgage Bank", as the case may be and shall be either delivered in person to the Secretary at the Bank's office or sent by registered post to him. Provided that voting papers which are not received by the Secretary by the appointed time shall be rejected.

(8) The scrutiny and counting of the votes shall be done by the Board of Directors or the Board of Supervision as the case may be at a meeting of the Board specially convened for the purpose.

102

(9)Each voter shall be entitled to give only one vote for each candidate standing for election, but he may record that vote for any one of the candidates.

(10) After the scrutiny is completed and the votes are counted, a statement showing the number of votes received by each candidate shall be prepared by the members of the Board of Directors or the Board of Supervision, as the case may be, in whose presence the voting papers are scrutinised, and the votes counted and such statement shall be submitted to the Registrar of Co-operative Societie

(11) The appointment to the two Boards of the two candidates who have received the largest number of votes shall be subject to the approval of the Government.

1.9.29

Deputy Registrar.

(Prepared by the Deputy Registrar of C.S.

DRAFT BY-LAWS OF THE MYSORE CO-OPERATIVE LAND MORTGAGE BANK, LIMITED, No...

103

NAME.

1. The name of the Bank is the "Mysore Co-operative Land Mortgage Bank, Limited."

ADDRESS.

2. The office of the Bank shall be situated at Bangalore and its registered address is Bangalore City.

EXTENT OF OPERATIONS.

3. The lending operations of the Bank shall, for the present, be confined to the Taluks of Sagar, Koppa, Manjarabad and Tumkur.

OBJECTS.

4. The objects of the Bank are to promote the economic interests of its members and more particularly to arrange for the creation of funds primarily for the grant of long term loans to bona fide land owning members on the mortgage of agricultural land.

MEMBERSHIP.

5. Membership of the Bank is open to every subject of His Highness the Maharaja, who has attained the age of majority and is legally capable of entering into a contract, to several such persons jointly and to every institution formed for long term credit and registered under such laws, if any, as may be framed for the purpose. Notwithstanding anything contained above, nominees or legal representatives of deceased members may be admitted as members although such nominees or legal representatives are minors.

6. Applications for admission as members and for allotment of shares shall be made to the Secretary to the Bank in the form prescribed by the Bank for the purpose. Every such application shall be disposed of by the Board of Directors who shall have power to grant admission or to refuse it without assigning reasons.

7. Every member of the Bank shall take at least one share and no member shall take more than 10 shares. Every member shall pay an entrance fee of Rs. one for each share taken by him or allotted to him.

him.

8. No member shall be permitted to withdraw any of the shares held by him in the bank within 10 years after the date when such shares were taken by him. After that period a member may withdraw shares with the consent of the Board of Directors, provided, firstly, that he has given at least six months' notice of withdrawal, secondly that the total amount of share capital that is permitted to be withdrawn in any one year does not exceed 10 per cent of the aggregate paid-up share capital of the Bank as it was on June 30 preceding, thirdly, that there are no debts due from him to the bank and fourthl that there are no debts due to the Bank in regard to which he has stood surety. When a member withdraws shares under this by-law, he shall be paid back the share capital actually paid by him with the dividend declared, if any. For the purpose of calculating the maximum amount of share capital, withdrawable in any one year in accordance with this by-law, all repayments of share capital, whether by way of adjustment or otherwise, are to be included except such as are made under by-laws 10 and 11 (c).

9. No member shall be permitted to transfer his share or shares or create a charge in respect of the same in favour of another member or person except with the previous sanction of the Board of -- Directors.

10. Should a member cease to hold the qualifications necessary for admission to membership of the Bank, the Board of Directors shall remove his name from the list of members and shall pay him back within a reasonable period the share capital actually paid by him with the dividend declared, if any, after deducting therefrom the money, if any, due from him to the Bank either as principal debtor or as surety

11. (1) If a member dies, his membership shall <u>ipso facto</u> cease.

(2) (a) Every member of the Bank may nominate any person to succeed, in the event of his death, to his share or interest in the Bank. Such nomination shall, in the event of his death, be given effect to by the Bank provided -

(i) the nomination was signed by the deceased in the presence of at least two witnesses attesting the same;

(ii) the nomination has been registered in the books of the Bank kept for the purpose; and

(iii) the person nominated shall have been admitted by the Board of Directors as a member of the Bank under by-law 6.

(b) In the event of there being no person nominated by the deceased and entitled to succeed to his share or interest in the Bank, the heir or legal representative of the deceased, or any person nominated by such heir or legal representative within one month of the death of the deceased member, shall be entitled to succeed thereto, provided such heir or legal representative or his nominee shall have been admitted by the Board of Directors as a member under by-law 6.

(c) In the event of there being no person entitled to succeed under clause (a) or (b) of this by-law to the share or interest of a deceased member of the Bank, the Bank shall pay to the nominee of the deceased or to his heir or legal representative, as the case may be, a sum representing the deceased member's share or interest at the time of his death ascertained in accordance with the by-laws of the Bank.

12. (1) A past member shall be liable as provided in by-law 14 for the debts due by the Bank as they existed on the date when he ceased to be a member, for a period of two years from such date.

(2) The estate of a deceased member shall be liable as provided in by-law 14 for the debts due by the bank as they existed on the date of his decease for a period of one year after his decease.

13. (a) The Board of Directors may expel any member from the Bank under the following circumstances:-

(1) if he continues to default in his payments to the Bank in respect of any instalment of share, loan or interest, or

(2) if the Bank is put to the necessity of taking proceedings against him to compel him to fulfil his obligations towards the Bank.

(b) The Board of Directors shall expel from the Bank any member who

(i) deliberately commits a serious breach of the rules or the by-laws of the Bank; or

106

(ii) wilfully deceives the Bank by false statements or fictitious documents or endeavours in any manner to defraud the Bank; or (iii) is declared a bankrupt; or

(iv) is convicted of any criminal offence which in the opinion of the Board of Directors is of a serious nature; or

(v) becomes legally or mentally disabled; or

(vi) does any act which is likely to be injurious to the credit, reputation or stability of the Bank.

LIABILITY OF MEMBERS.

14. The liability of a member of the Bank shall be limited to the value of the shares held by him in the Bank.

F U N D S.

15. The funds of the Bank include

(1) Share Capital,

(2) Deposits,

(3) Loans raised by debentures,

(4) Grants, and

(5) Other miscellaneous items.

SHARES.

16. The share capital of the Bank shall, for the present, be Rs.5 lakhs, made up of 10,000 shares of Rs.50 each. The value of each share shall be paid in full on allotment.

DEPOSITS.

17. The Board of Directors may receive deposits at their discretion either from members or others and it shall be open to them to settle the terms on which deposits shall be taken, provided that the interest on such deposits shall not, in any case, exceed 6½ per cent per annum and provided also that no deposit shall be received for a period of less than two years.

DEBENTURES.

18. Subject to By-law 30 and subject to the condition that the total loan raised does not exceed 20 lakhs of rupees, the Bank may

may raise loans from time to time by the issue of debenture bonds bearing interest not exceeding five per cent per annum and liable to be redeemed within such period not exceeding 30 years as may be prescribed by the Bank.

19. Debenture bonds issued under By-law 18 shall be deemed to be negotiable instruments to which the provisions of the Mysore Negotiable Instruments Regulation 1907 apply and shall be included among the securities in which a Trustee may invest funds under any law for the time being in force in Mysore.

20. Debenture bonds shall not be issued except with the previous sanction of the Government and they shall be in such form and contain such covenants and provisions as the Bank may, with the previous sanction of Government, prescribe in this behalf.

21. The Bank shall, once every year, draw for redemption by lot as many debenture bonds as its financial condition permits, or if the Bank deems it preferable, it may repurchase its bonds instead of drawing them by lot, provided that the Bank shall not redeem or repurchase any debenture bond issued by it within a period of ten years from the date of issue of the Bond.

22. The Bank shall be at liberty to effect a reduction in the rate of interest payable on any series of debenture bonds provided that option is given to the holders of such bonds to accept payment in cash at par value.

23. The previous sanction of Government will be necessary for:-

(i) the issue of debentures;

(ii) the conversion of one class of debentures into another class bearing a different rate of interest; or

(iii) for any other matters which the Government may desire that their previous sanction should be obtained.

24. (i) Debentures, which, by reason of damage sustained, have become unfit for circulation, provided however that the essential marks for genuineness and identity are still recognizable especially the number, the amount, the rate of interest, the date and signature

signatures of the authorized executing officers of the Board of Directors, will be replaced at the request of the holder on giving up the damaged or defaced debenture. Fresh debentures shall also be issued to replace completely destroyed debentures when, in the opinion of the Board of Directors, the fact of destruction is proved without any doubt or uncertainty.

(ii) When such proof is not produced or when in case of damage the essential marks on the debenture are lost and no longer recognisable as well as in all cases in which the debenture has been stolen from the owner or has been in other ways mislaid, a new debenture will only be issued when the debenture which is alleged to be missing or unrecognizable has been previously advertized for by the claimant in the manner prescribed by the Board of Directors and its nullity legally declared.

(iii) The re-issue shall always be made for the same amount under the same number with the addition of the "renewed" and at the cost of the debenture-holder concerned.

25. The debenture shall be signed and executed by at least three members of the Board of whom the President shall be one. The Bank shall have a special seal to be used for debentures and the seal shall remain in the safe custody of the President.

26. No debenture-holder can claim the repayment of the value of his debenture before the expiry of the period for which the debenture was issued.

27. Debentures in respect of which notice of redemption has been given to the holders by the Board of Directors must be given up on the expiry of the term mentioned in the notice, and if the debentures are not handed in until after the expiry of the term the holder shall have no claim upon the bank for interest accruing after the expiry of that term.

28. The capital raised by debentures shall be invested in long term loans, short term loans, if any, being given out of shares and deposits.

109

TRUSTEE.

29. The Government shall appoint a Trustee whose duty shall be to see that the Bank fulfils its obligations to the debenture holders. For this purpose, the Bank shall transfer to the Trustee, if so required, its rights in the mortgages on the security of which debentures are issued. The Trustee shall have power to require the Bank to credit to an account opened in his name, in such Bank as may be approved for the purpose by the Government, all recoveries made from members of the Bank under any of the mortgages whether through equated payments or on redemption or upon sale under any power of sale applicable thereto. He shall also have the following powers:-

(i) to invest or to require the Bank to invest the money at the credit of this account in his own name in any investment or deposit authorized by Government by rules or laws framed in that behalf, or in any other securities approved by the Registrar of Co-operative Societies and to vary such investments at his discretion.

(ii) to require the Bank to redeem any or all of the debentures according to the rules relating to redemption;

(iii) to determine the method of redeeming any debentures before the expiry of the term for which they were issued; and

(iv) to proceed against the Bank or the mortgagors whose mortgage deeds have been transferred to him or against both, in case of default of payment of moneys due to the debenture holders.

The Trustee can, at any time, be replaced by another Trustee. A Trustee so appointed shall, as the successor in interest of the Trustee whom he replaces, inherit all his powers and rights.

MAXIMUM BORROWING POWER.

30. The total borrowings of the Bank by way of deposits, issue of debentures, or otherwise and whether from members or others, shall not at any time exceed ten times the subscribed share capital plus Reserve Fund.

110

L O A N S.

31. Loans shall be given only to members, but no member can claim a loan as a matter of right. Applications for loans shall be disposed of by the Board of Directors.

32. All applications for loans shall be made to the Secretary in the form prescribed for the purpose. He shall place them before the Board of Directors which shall have discretion to grant or reject loans without assigning any reasons.

33. Loans may be given by the Bank only for the following purposes

(a) Redemption of subsisting mortgages on agricultural land;
(b) Liquidation of otherprior debts of agriculturists;
(c) Improvement of land or for the better cultivation of it;
or (d) Current agricultural operations.

34. Loans shall ordinarily be granted direct/to individual borrowers; provided that where local Co-operative Land Mortgage Societies are specially formed for the purpose, the Bank may grant loans through such societies.

35. No loan shall be granted for an amount below Rs.250/- nor above Rs.5,000/- ordinarily. Provided that where a loan is granted to a local Co-operative Land Mortgage Bank Society, the amount of the loan may be Rs.30,000/-.

36. Long term loans shall be granted for redemption of subsisting mortgages on agricultural land and for liquidation of prior debts. Short term loans shall be granted for improvement of land or of methods of cultivation or current agricultural operations; provided that short term loans shall be granted only to such members as have taken long term loans.

37. Loans granted by the Bank shall bear interest at rates fixed from time to time but not exceeding:-

(a) a maximum of 8 per cent per annum in the case of long term loans; and

(b) a maximum of 12 per cent per annum on short term loans.

38. Long term loans granted by the Bank shall be repayable in

in equal yearly instalments which shall be not less than 25 and not more than 30 as may be fixed by the Board of Directors, and shall not be liable to be recalled except under conditions specified in By-law 47. Nothing in this by-law shall be considered to preclude the borrower from repaying his loan wholly or in part at any earlier time.

39. Long term loans and the interest due thereon shall be discharged by a system of equated payments, but the borrower will be at liberty to pay larger sums according to his convenience.

40. Long term loans shall be granted by the Bank only on the mortgage of agricultural land. Such mortgage shall be without possession.

41. The land mortgaged to the Bank as security under by-law 40 shall have no prior encumbrances, save the mortgage or mortgages to be redeemed by the loan given by the Bank.

42. The Board of Directors may require an applicant for loan to mortgage all or part of his other immovable property as security in addition to the mortgage of land prescribed in by-law 41 or may require him to give two reliable personal sureties who must be members of the Bank

43. Long term loans granted by the Bank shall not exceed 50 per cent of the value of the property which is mortgaged to the Bank on account of those loans.

44. The valuation of the properties offered as security for loans shall be made by the Bank in accordance with subsidiary rules to be framed in that behalf.

45. When a mortgage deed is executed by a member, the Board of Directors shall insist on all persons interested in the property joining in the execution whether such persons are themselves members or not.

46. Every application for a loan shall be accompanied by the title deeds and other documents relating to the land proposed to be mortgaged.

47. Loans are liable to be recalled:-

(1) if after the loan has been granted the information furnished by the debtor regarding the security, the encumbrances thereon or his rights therein ~~is~~ is found to be incorrect in material particulars; or

(2) if a loan is utilised for a purpose different from that for which it was granted; or

(3) if the mortgaged property has, in the opinion of the Bank deteriorated in its value and the debtor fails to furnish additional security to the satisfaction of the Bank; or

(4) if on the death of the debtor or in the case of joint debtors, on the death of any/of them, his legal representative does not consent to continue as member; or

(5) if for any other reason, the debtor or in the case of joint debtors, any one of them ceases to be a member of the Bank; or

(6) if the debtor commits default in the payment of any instalment on the due date; or

(7) if the debtor alienates or creates any subsequent encumbrance on the mortgaged property; or

(8) if the land mortgaged as security for the loans is in danger of being swept away by river or flood or silted up with sand.

48. When a loan recalled by the Board of Directors is not repaid within three months from the date of recall, the Bank shall apply to the Registrar of Co-operative Societies for the recovery of the loan, and for the remedies available under Section 60 of the Mysore Co-operative Societies Amendment Regulation No. of 1929.

49. When a loan is recalled under by-law 47 the loan account shall at once be closed without reference to the term for which the loan has been granted. When an account is so closed, the Board of Directors shall inform the borrower of the fact and of the amount outstanding against him including interest up to the date of closing of the loan account. On the total amount so found due, the borrower shall be charged interest at 12½ per cent per annum from the date of closing the loan account to the date of recovery.

50. The amount of paid-up share capital, deposit and any other money to the credit of a member or a past member shall be subject to a first charge in favour of the Bank in respect of any moneys due to the Bank from such member or past member. The Bank shall be at liberty to appropriate the whole or any portion of such paid-up share capital or deposit or any other money to the moneys due by the member to the Bank

113

51. When a member from whom money is due pays any sum it shall be appropriated in the following order:-

Firstly to fees, postal registration and other miscellaneous charges due by him;

Secondly to interest; and

thirdly to principal.

PROFITS.

52. The net profits of the Bank as declared by the Registrar every year shall be disposed of as shown below:-

(1) not less than ten per cent shall be carried to the credit of the Reserve Fund;

(2) out of the remainder, a dividend subject to a maximum of five per cent per annum on the paid up value of each share may be paid to members, proportionately to the amount of paid up share capital held by each and also to the period during which the paid up share capital was so held during the year; and

(3) the balance shall be added to the Reserve Fund.

Note:- All undisbursable and indivisible profits shall be added to the Reserve Fund.

RESERVE FUND.

53. A Reserve Fund shall be formed by the Bank. To this shall be carried -

(1) a sum not less than ten per cent of the net profits of every year;

(ii) the interest on the capital of this fund;

(iii) amounts not claimed;

(iv) produce of drawn and expired mortgage bonds; and

(v) any other funds which may be credited to the reserve fund by the general body of members.

54. The Reserve Fund shall be invested in such manner as the Registrar of Co-operative Societies may prescribe and shall not be drawn upon except with his sanction.

55. With the previous sanction of the Registrar the loss in any year

may be met from the Reserve Fund, provided that no dividend on the shares is paid that year.

56. On the dissolution of the Bank, the Reserve Fund and other funds contributed by it under the provisions of its by-laws may be applied in such manner and to such purposes, not inconsistent with the Regulation and Rules as may be determined, with the approval of the Registrar, by the majority of the members.

MANAGEMENT.

57. The administration of the Bank shall be vested in the following:

(a) Board of Directors;

(b) Board of Supervision; and

(c) The General Body of the Members of the Bank.

58. The members of the Board of Directors and of the Board of Supervision shall consist of members of the Bank and representatives of Debenture-holders provided that the Government of His Highness the Maharaja of Mysore shall have the right to nominate one member to the Board of Supervision and one member to the Board of Directors, whether members of the Bank or representatives of Debenture-holders or others.

BOARD OF DIRECTORS.

59. The Board of Directors shall consist of 7 members one of whom shall be the President holding office for a period of two years. Of the 7 members of the Board, 4 shall be elected by the members, 2 will be representatives of Debenture-holders selected by Government, and one nominated by Government. The first President as well as the members of the first Board of Directors will be nominated by the Governme

60. The Board of Directors shall administer and conduct the affairs of the Bank, prepare and issue agreements, declarations, etc., represent the Bank by one of its members selected for that purpose at all legal proceedings. It shall also appoint, control, and dismis officials like book-keepers, cashiers, clerks, local agents, etc.

61. The Board of Directors shall meet once a fortnight or oftener, if necessary, to conduct the affairs of the Bank. No decision of the

of the Directors shall be valid unlesait is assented to by at least four members. All questions before the Board of Directors shall be decided by a majority of votes. Should there be any equality of votes, the President or other presiding member shall have a casting or second vote. No member of the Board of Directors shall be present at a meeting of the Board when any matter in which he is personally interested is being discussed.

62. Should a member of the Board of Directors absent himself from four consecutive meetings of the Board he shall cease to be a member of the Board of Directors, but may be reinstated by the Board of Directors.

63. Subject to such resolutions as the Board of Directors may from time to time pass, the several officers of the Bank shall have the powers mentioned below:-

(a) The President shall have a general control over all the affairs of the Bank. He shall also have power to appoint the members of the establishment as well as to fine, suspend or dismiss them -- subject in the last two cases to the approval of the Board of Directors.

(b) The Secretary shall be responsible for the executive administration of the bank subject tom the control of the President.

(c) The Secretary/President shall be the officer to sue or be sued on behalf of the Bank and all bonds in favour of the Bank shall be in the name of the Secretary/President. All bonds by the Bank except those for moneys borrowed shall be executed by the President/ Secretary.

(d) The Treasurer shall have custody of all properties of the Bank. He shall take charge of all money received by the Bank from the members and from others and shall make disbursements in accordance with directions of the Board. He shall sign the cash book in token of its correctness and produce the cash balance whenever called upon to do so by the Board or auditor.

64. Any member of the Board of Directors who commits default in respect of a loan taken by him from the Bank shall <u>ipso facto</u> be considered disqualified to continue as a member of the Board. But if

116

But if the default has been for a period of three months or less, the defaulter may be reinstated by the general body on his showing good cause for the default. In no circumstance shall a defaulter continue to hold office as a member of the Board of Directors if his default has continued for more than three months.

65. Receipt shall be issued for all moneys paid into the Bank. For moneys paid by members or others, other than debentures, receipts or bonds shall be signed by the President or Secretary or Treasurer whoever is elected by the Board of Directors to discharge this functio

66. It shall be the duty of the Board of Directors to maintain such accounts and registers as are prescribed by the Registrar from time to time, to place before a general body meeting of the members the Registrar's notes of audit or inspection, within one month from the date of receipt, to correspond with the Registrar and to do all other business relating to the Bank.

67. The Board of Directors shall have power to prescribe from time to time the scale of office establishment and to incur such expenditure as may be necessary for the management of the Bank with reference to the scale and within the budget allotment sanctioned by the general body for each year.

68. The Board of Directors shall be competent to fix the amount and nature of the security, if any, to be given by the members of the office establishment.

69. It shall be competent to the Board of Directors to frame subsidiary by-laws for the conduct of the business of the bank consistent with the Regulation, the rules under the Regulation and these by-laws. Such subsidiary by-laws shall be entered in the minute book of the Bank and they shall be reported to the Registrar of Co-operative Societies for approval.

BOARD OF SUPERVISION.

70. The Board of Supervision shall consist of the President of the Board of Directors and four members. Of these four members,

117

one shall be elected by the members, two will be representatives of the debenture-holders, selected by Government, and one willbe nominated by Government, all the members holding office for a period of two years. The first Board of Supervision shall be formed two years after the opening of the Land Mortgage Bank, till when, the Registrar of Co-operative Societies will exercise the powers of the Board of Supervision.

71. The Board of Supervision shall be general control and supervision over the affairs of the Bank. In particular it will-

(i) cause the accounts of the Bank to be audited at least twice a year by two of its members;

(ii) present to the general meeting a statement of accounts;

(iii) prepare all necessary subsidiary rules for the carrying out of those by-laws;

(iv) settle the principles of land valuation;

(v) authorise the issue by the Board of Directors of debenture bonds; and

(vi) decide appeals against the decisions of the Board of Directors.

72. All other matters concerning the organisation and the working of the Bank as well as the remuneration, if any, which the Board of Directors, the Board of Supervision, the local agents and the auditors are to receive shall be fixed by subsidiary instructions or regulations to be framed by the Board of supervision and approved by Government.

GENERAL BODY.

73. Subject to the general control of Government and of the Registrar of Co-operative Societies, the ultimate authority in all matters relating to the administration of the Bank shall be the general body of the members who shall meet from time to time and at least once a year to conduct the work of the Bank. The following among other matters shall be dealt with by the general body;-

(i) the election and removal of their representatives on the Board of Directors and the Board of Supervision;

(ii) the annual report due to the Registrar of Co-operative Societies;

(iii) the Registrar's annual audit order;

(iv) the amendment or repeal of any existing by-laws or the enactment of a new by-law;

(v) the expulsion of a member; or

(vi) the consideration of any complaint which any individual member may prefer against the Board of Directors or the Board of Supervision.

74. A meeting of the general body of the members may be convened whenever necessary for the conduct of the business by the Board of Directors and shall be so convened by the Board of Directors at the request of fifteen or more members or at the instance of the Registrar of Co-operative Societies.

75. It shall be the duty of every member to attend the meetings of the general body. The quorum for a general body shall be 25 or one-fourth of the total number of members on the list at the time, whichever is less.

76. The President, when present, shall preside at the meetings of the general body. In his absence the members present may choose a chairman from their number to preside at the meeting. Every member present shall have one and only one vote. All questions shall be decided by a majority of votes of the members present and voting. When votes are equal, the chairman of the meeting shall have a casting or second vote.

77. Seven clear days' notice shall be given to members for a meeting of the general body.

78. No amendment to, alteration in, or cancellation of, a by-law and no enactment of a new by-law shall be made except at a general meeting of the members or shall take effect until it shall have been approved by the Registrar.

POWERS OF THE REGISTRAR & GOVERNMENT.

79. Without prejudice to the powers which may be vested in him

119

by the law for the time being in force, the Registrar of Co-operative Societies will have power -

(a) to require the summoning of a General meeting;

(b) to be present at the proceedings of the General Meeting as well as at the meetings of the Board of Directors and the Board of Supervision.

(c) to inspect the books and cash balance of the Bank at any time; and

(d) to summon any member or office bearer of the Bank or other person for the purpose of an enquiry into the affairs of the Bank. For this purpose, as well as for the settlement of disputes, he will act as a Court.

80- Government shall have power at any time to order a revaluation of the properties mortgaged to the Bank in order to ensure that the properties so mortgaged have not deteriorated. When, as a result of such revaluation, the security is found inadequate, the Bank shall have power to demand additional security from the party responsible.

81. The accounts of the Bank shall be audited at least once a year by a duly certified auditor or by an officer deputed by the Mysore Government.

MISCELLANEOUS.

82. The Bank's year shall begin on the 1st of July and end on the 30th June.

83. The Board of Directors shall prepare annually in such form as may be prescribed by the Registrar -

(a) a statement showing the receipts and disbursements for the year,

(b) a profit and loss account,

(c) a balance sheet, and

(d) such other statements as may be prescribed by the Registr

These statements shall be made up to 30th June and a copy of each shall be sent to the Registrar within 15 days after the close of the Co-operative year ending with 30th June. After the Registrar has verified the statements and granted his audit certi-

120

certificate, the bank shall publish such of the prescribed statements as he may direct in the manner prescribed by him.

84. Disputes touching the business of the Bank between members of past members of the Bank or persons claiming through a member or past member of the Bank, or between a member, a past member or persons so claiming and the Board of Directors, shall be referred by any party to the Registrar of Co-operative Societies for decision. -- Similarly, disputes relating to the debt due to the Bank by a member or past member shall be referred to the Registrar for decision. No civil Court shall have jurisdiction to adjudicate any such matters.

85. Should any doubt arise as to the construction or meaning of the provisions of the Mysore Co-operative Societies Regulation or of any by-law of the Bank or as to the validity of ~~an~~ or effect of the proceedings of the Board of Directors or of the Board of Supervision or of the General Body, the Board of Directors shall refer the same to the Registrar of Co-operative Societies for advice and act according to his ~~adive~~ advice which shall be final.

AKM3.

DEPUTY REGISTRAR.

DRAFT. 124

RULES RELATING TO CO-OPERATIVE LAND MORTGAGE BANK AND LOCAL LAND MORTGAGE SOCIETIES.

Under Section 66 of the Mysore Co-operative Societies Regulation No.VII of 1918, as amended by Regulation No. V of 1929, the Government of His Highness the Maharaja of Mysore are pleased to make the following Rules relating to Co-operative Land Mortgage Banks and Local Land Mortgage Societies:-

I. THE BOARD OF SUPERVISION.

1. (1) The Board of Supervision of a Co-operative Land Mortgage Bank shall consist of five members, two of whom shall be representatives of the General Body of the Bank, two shall be representatives of Debenture holders, whether they are members of the Bank or not, selected in the manner to be prescribed by Government, and one shall be nominated by Government.

(2) Of the two members representing the General Body, the President of the Board of Directors shall be one, and the other member shall be elected by the General Body and shall not be one who is a member of the Board of Directors.

(3) The members of the Board of Supervision shall elect one of themselves as President.

(4) The President and other members of the Board of Supervision shall hold office for a period of one year or till their successors are appointed. A retiring President or member shall be eligible for re-election.

(5) The first Board of Supervision shall be constituted not later than two years after the regist ation of the Bank, and till a Board of Supervision is constituted, the Registrar of Co-operative Societies shall perform the duties and exercise the functions hereinafter assigned to the Board of Supervision.

(6) The powers to be exercised and the duties to be performed by the Board of Supervision shall be as follows:-

(i) It shall cause the accounts of the Bank to be audited at least twice a year by two of its members.

(ii) It shall present to the General Meeting a statement of accounts based on the audit as above.

(iii) It shall settle the principles of land valuation.

(iv) It shall be entitled to receive the proposals of the Board of Directors relating to the issue of debentures, and to record its opinion thereon. The opinion of the Board of Directors shall be submitted to the Government.

(v) It shall be entitled to record its opinion on any matter connected with the general policy or organisation or working of the Bank and to make recommendations to the Board of Directors or to the Government. For this purpose the Board of Supervision shall be entitled to receive copies of all decisions taken by the Board of Directors either at a meeting or by circulation.

(6) The President shall preside at all meetings of the Board and conduct the business. In his absence at any meeting, the other members shall elect one among themselves to preside and conduct the meeting.

(7) There shall be at least two meetings of the Board in every year.

(8) The quorum for a meeting of the Board shall be three, of whom the President or other presiding officer shall be one.

(9) Any member of the Board who fails to attend two consecutive meetings of the Board shall be deemed to have ipso facto vacated his office.

(10) Any casual vacancy in the office of the President or other member of the Board elected by the General Body, by death, resignation or any other cause shall be filled up for the unexpired term of his office by the remaining members of the Board.

103

(11) A vacancy occurring in the Board by the resignation of the President or other member shall take effect from the date on which the Board receives the resignation in its office.

(12) The Board may function notwithstanding any vacancy in its number.

(13) Any member of the Board who commits default for more than three months in respect of a loan taken by him from the Bank or does any act which is likely to be injurious to the credit, reputation or stability of the Bank, shall be liable to be removed from membership of the Board by Government.

II. T R U S T E E.

2. (1) When any part of the capital of the Bank consists of loans raised by debentures issued by the Bank, there shall be a Trustee appointed by Government whose duty it shall be to see that the Bank fulfils its obligations to the Debenture-holders

(2) The Trustee may call upon the Bank to transfer to his name its rights in the mortgages on the security of which debentur are issued.

(3) The Trustee may also require the Bank to credit to an account to be opened in his name in any other Bank approved by him all recoveries made from members of the Bank under the terms of their mortgages, whether through equated payments, or on redemption, or upon sale.

(4) The Trustee shall also have the following powers:-

(i) To invest or to require the Bank to invest the money at the credit of his account in his own name in any investment or deposit authorised by any law in force relating to the investment of trust funds and to vary such investments at his discretion;

(ii) to require the Bank to redeem any or all of the debentures according to the rules relating to redemption;

(iii) to determine the method of redeeming any debentures before the expiry of the term for which they were issued; and

(iv) to proceed against the Bank or the mortgagors whose mortgage deeds have been transferred to him or against both, in case of default of payment of moneys due to the debenture holders.

(5) The Trustee can, at any time, be replaced by another Trustee. A trustee so appointed shall have the same powers, authorities and discretions and shall, in all respects, act as if he had been originally appointed.

III. Constitution and working of Local Land Mortgage Societies and the mutual rights and obligations of such societies and the Co-operative Land Mortgage Bank.

3. (1) A Local Land Mortgage Society may be constituted for a village or a group of villages.

(2) The registration of the Society shall be in the manner laid down in Section 8 of the Co-operative Societies Regulation and the Rules thereunder.

(3) The liability of the members of a society so registered shall be limited.

(4) Every society shall become a member of the Land Mortgage Bank and be bound by the by-laws of the Bank. It shall then be termed an "affiliated society "

(5) A member of an affiliated society shall also be a member of the Bank before he can become entitled to take a loan from the Bank.

125

(6) Subject to the by-laws of the Bank, loans shall be granted to an affiliated society by the Bank to be distributed to such of the members of the society as have applied for loans for the redemption of subsisting mortgages or for liquidation of other debts, or for the improvement of land.

(7) An affiliated society shall grant loans only on the security of mortgage of agricultural land. Such loans shall be long term loans and repayable in specified number of equal annual instalments towards principal as well as interest.

(8) An affiliated society may grant short term loans for the better cultivation of land or for current agricultural operations to such of its members as have taken long term loans out of its own funds or from the funds that may be placed at its disposal by the Bank for such a purpose.

(9) The rates of interest for long term and short term loans charged by an affiliated society to its members shall be subject to the approval of the Registrar of Co-operative Societies and shall, in no case, exceed 8 per cent per annum for long term loans and 9 per cent per annum for short term loans.

(10) An affiliated society shall undertake to collect periodically all dues from its debtors towards principal and interest and remit it to the Bank.

(11) The working of an affiliated society shall be subject to the supervision and periodical inspection by the Bank, which shall also have a right to have the accounts of the society audited once at least every year.

(12) Every affiliated society shall be bound

(a) to administer its work in strict conformity with its by-laws and with the by-laws of the Bank.

(b) to carry out carefully the rules drawn up for its guidance by the Bank and to submit to the Bank

such statements and reports as may be prescribed

(c) to take the sanction of the Bank before raising any loan from any sources other than the Bank.

AMENDED.

(7)

BY-LAWS OF THE MYSORE CO-OPERATIVE LAND MORTGAGE BANK

Name.

1. The name of the Bank is the Mysore Co-operative Land Mortgage Bank, Ltd., Bangalore City.

Address.

2. The registered address of the Bank is Bangalore City, where the office of the Bank shall be situated.

Objects.

3. The main object of the Bank is the relief of agricultural indebtedness by the provision of long term mortgage credit to bona fide land owning members ~~(on the mortgage of agricultural land for the redemption of subsisting mortgages or for the liquidation of their other prior debts or for the permanent improvement of their lands.)~~

Membership.

4. The members of the Bank shall consist of:

(i) Persons, whether agriculturists or non-agriculturists, residing or carrying on business within the limits of the State, who have attained the age of majority and are legally capable of entering into a contract;

(ii) Local Land Mortgage Societies registered under the Mysore Co-operative Societies Regulation; and

(iii) Other Co-operative Societies registered under the Mysore Co-operative Societies Regulation.

5 Local Land Mortgage Society which is a member of the Bank shall be termed an "Affiliated Society."

6. Any person or registered society wishing to become a member of the Bank shall apply to the Secretary of the Bank in the prescribed application form for membership. The

application shall be accompanied by an entrance fee of Re. one, a share fee of annas four for each share applied for, and also, at least, the first instalment of Rs.10 toward each share applied for.

7. The application shall be considered by the Board of Directors of the Bank and if it thinks fit, the applicant may be admitted as a member of the Bank and allotted the full number of shares applied for or such smaller number as the Board may deem fit. The Board may reject any applicant for membership without assigning reasons. In the event of the application being rejected in full, the total amount paid by the applicant with the application will be refunded to him. If only a smaller number of shares than applied for is allotted, the proportionate share fee and share instalment shall be refunded or credited to his share account.

8. Every person or registered society whose application for membership has been accepted by the Board of Directors shall be deemed to have become a member of the Bank and acquired all the rights and liabilities of a member from the date of such acceptance.

9. Every member of the Bank shall hold at least one share. No individual member can at any time hold more than 20 shares.

10. The name and address of every person admitted membership as set forth in the application shall be entered in the Register of Members. All changes in their address shall be intimated to the Secretary by the members and the same duly entered in the said register.

11. (a) Every person who is a member of the Bank may nominate any person to succeed in the event of his death to his share or interest in the Bank. Such nomination shall, in the event of his death, be given effect by the Bank. Provided that

application shall be accompanied by an entrance fee of Re. one, a share fee of annas four for each share applied for, and also, at least, the first instalment of Rs.10 toward each share applied for.

7. The application shall be considered by the Board of Directors of the Bank and if it thinks fit, the applicant may be admitted as a member of the Bank and allotted the full number of shares applied for or such smaller number as the Board may deem fit. The Board may reject any application for membership without assigning reasons. In the event of the application being rejected in full, the total amount paid by the applicant with the application will be refunded to him. If only a smaller number of shares than applied for is allotted, the proportionate share fee and share instalment shall be refunded or credited to his share account.

Every person or registered society whose application for membership has been accepted by the Board of Directors shall be deemed to have become a member of the Bank and acquired all the rights and liabilities of a member from the date of such acceptance.

9. Every member of the Bank shall hold at least one share. No individual member can at any time hold more than 20 shares.

10. The name and address of every person admitted to membership as set forth in the application shall be entered in the Register of Members. All changes in their addresses shall be intimated to the Secretary by the members and the same duly entered in the said register.

11. (a) Every person who is a member of the Bank may nominate any person to succeed in the event of his death to his share or interest in the Bank. Such nomination shall, in the event of his death, be given effect to by the Bank. Provided that

(i) the nomination has been registered in the books of the Bank maintained for the purpose; and

(ii) the person nominated is admitted by the Board of Directors to membership.

(f) No fees shall be charged for registering the nomination for the first time, but for registering every subsequent change, a fee of four annas shall be charged.

Cessation of Membership.

12. (a) A registered society admitted to membership shall cease to be a member of the Bank if it is removed from membership or if it is dissolved.

(b) Any other member shall cease to be a member of the Bank on death, expulsion, insolvency, ceasing to hold any share of the Bank (by withdrawal, transfer, resignation or forfeiture) and permanent removal of residence from within the limits of the Mysore State.

13. The Directors shall have power to remove any member for persistent default in respect of any sum due to the Bank

14. The Board of Directors may remove from membership any person who, being a member of the Bank

(a) deliberately commits a serious breach of the rules or the by-laws; or

(b) wilfully deceives the Bank by false statements or fictitious documents or endeavours in any way to defraud the Bank; or

(c) is declared insolvent; or

(d) is convicted of any criminal offence which, in the opinion of the Board, is such as to render him unfit to continue as a member of the Bank; or

(e) becomes legally or mentally disabled; or

(f) does any act which is likely to be injurious to the credit, reputation or stability of the Bank.

15. When a member or registered society ceases to be a member of the Bank, the Board of Directors shall remove his

13P

name from the list of members and shall pay him back within a reasonable period the share capital actually paid by him with the dividend declared, if any, after deducting therefrom the money, if any, due from him to the Bank either as principal debtor or as surety.

16. (a) On the death of a member, his nominee, if any, registered in the books of the Bank under by-law 11(a) or heir or legal representative in interest may, on application be admitted as a shareholder of the Bank if he is not already one, and the Board of Directors may, subject to the limit prescribed in by-law 9., transfer the shares held by the deceased member to such applicant on payment of a fee of four annas for each share transferred.

(b) Should, however, such a transfer be not made, the Board shall pay the share capital paid by the deceased with the dividends if any due up to the date of payment after the same has been declared, to the heir, representative in interest or the nominee of the deceased under the by-laws in force at the time, after deducting the amounts due to the Bank from the deceased member.

Funds.

17. (a) The Bank will ordinarily obtain its funds from the following sources:-

(i) Share subscriptions;

(ii) Deposits;

(iii) Debentures;

(iv) Grants and other miscellaneous items.

(b) Provided that the liabilities of the Bank by way of deposits, issue of debentures or otherwise shall at no time exceed twelve times the subscribed share capital plus reserve fund.

Liability.

18. The liability of [illegible] is limited to

of share or shares held by him.

19. (i) A past member shall be liable for the debts of the Bank as they existed on the date when he ceased to be a member for a period of two years from such day.

(ii) The estate of a deceased member shall be liable for the debts of the Bank as they existed on the date of his decease for a period of one year after his decease.

Transfer of Shares.

20. No member shall be permitted to transfer his share or shares except with the previous sanction of the Board of Directors.

21. Every transferee of a share or shares shall pay a fee of four annas for every share so transferred.

Withdrawal from Membership.

22. No member shall be permitted to withdraw any of the shares held by him in the Bank before the expiration of ten years from the date when such shares were allotted to him. After that period is over he may withdraw his shares with the consent of the Board of Directors. Provided firstly, that he has given at least six months' notice of his withdrawal; secondly, that the total amount of share capital that is permitted to be withdrawn in any one year does not exceed ten per cent of the aggregate paid-up share capital of the Bank as it was on June 30th preceding; thirdly, that there are no debts due from him to the Bank; and lastly, that there are no debts due by the Bank in regard to which he has stood surety. When a member withdraws shares under this by-law, he shall be entitled to the share capital actually paid by him with the dividend declared thereon. For the purpose of calculating the maximum amount of share capital withdrawable in any one year in accordance with this by-law all repayments of share capital whether by way of adjustment or otherwise, are to be included except such as

made under by-laws 15 and 16(b)

23. No affiliated society will be permitted to withdraw from membership.

SHARES.

24. The share capital of the Bank shall, for the present, be fixed at Rs. Five lakhs made up of 10,000 shares of the value of Rs.50 each.

Payment of share money.

25. The members shall, subject to the provisions contained in by-law 6 pay the amount of share or shares allotted to them either in one lumpsum or in monthly instalments of Rs.5 each for each share held and the same shall be paid on or before the 15th of the month for which the instalment is due. Default interest at the rate of two pies per rupee per month shall be levied on all overdue share instalments.

26. If the share instalments remain unpaid for more than three months, the Board of Directors may declare such shares cancelled and payments made thereon, if any, forfeited and the rights of membership if any attaching to these shares extinct. Such shares may however, be renewed, if the Board of Directors permits, within a period of three months from the date of notice of forfeiture, on payment of all arrear amounts including interest and renewal fee of one rupee per share.

D e p o s i t s.

27. The Board of Directors may receive deposits at their discretion either from members or others and it shall be open to them to settle the terms on which deposits shall be taken, provided that the interest on such deposits shall not, in any case, exceed 6½ per cent per annum and provided also that no deposit shall be received for a period of less than two years.

Debentures.

28. Subject to by-law 7(6) and subject to the condition that the total loan raised does not exceed 20 lakhs of rupees, and subject also to the provisions contained in Section 56 of the Mysore Co-operative Societies Regulation of 1929, the Bank may raise loans from time to time by the issue of debture bonds bearing interest not exceeding six per cent per annum and liable to be redeemed within such period not exceeding 30 years as may be prescribed by the Ba

29. The Bhnk shall, once every year, draw for redemption by lot as many debenture bonds as its financial condition permits, or, if the Bank deems it preferable, it may repurchase its bonds instead of drawing them by lot. Provided that the Bank shall not redeem or repurchase any debenture bond issued by it within a period of ten years from the date of issue of the Bond

30. The Bank shall be at liberty to effect a reduction in the rate of interest payable on any series of debenture bonds at any time after the expiry of the minimum period of redemption thereof, and provided that option is given to the holders of such bonds to accept payment in cash at par.

31. The previous sanction of Government will be necessary for: (i) the conversion of one class of debentures into another class bearing a different rate of interes

or (ii) for any other matters in which the Government may desire that their previous sanction should be obtained.

32. (i) Debentures which, by reason of damage sustained, have become unfit for circulation, provided however, that the essential marks for genuineness and identity are still recognizable, especially the number, the amount, the rate of interest, the date and signatures of the authorised executing officers of the Board of Directors, will be replaced at the request of the holder on giving up the damaged or defaced debentures. Fresh debentures shall also be issued to re-

134

replace completely destroyed debentures when, in the opinion of the Board of Directors, the fact of destruction is proved without any doubt or uncertainty.

(ii) When such proof is not produced or when in case of damage the essential marks on the debenture are lost and no longer recognizable, as well as in all cases in which the debenture has been stolen from the owner or has been in other ways mislaid, a new debenture will only be issued when the debenture which is alleged to be missing or unrecognizable has been previously advertised for by the claimant in the manner prescribed by the Board of Directors and its nullity legally declared.

(iii) The re-issue shall be made for the same amount under the same number with the addition of the word "renewed" and at the cost of the debenture holder concerned.

33. The debenture shall be signed and executed by at least three members of the Board of Directors of whom the President shall be one. The Bank shall have a special seal to be used for debentures and the seal shall remain in the safe custody of the President.

34. No debenture holder can claim the repayment of the value of his debenture before the expiry of the period for which the debenture was issued.

35. Debentures in respect of which notice of redemption has been given to the holders by the Boardof Directors must be given up on the expiry of the term mentioned in the notice and if the debentures are not handed in until after the expiry of the term the holder shall have no claim upon the Bank for interest accruing after the expiry of the term.

The capital raised by debentures shall be earmarked for the grant of long term loans on the mortgage of agricultural land, short term loans, if any, being granted out of shares, Capital and deposits.

37. Whenever a Trustee is appointed by Government, the Bank shall, if so required by the Trustee, transfer to him its right in the mortgages on the security of which debentures are issued. The Bank shall also credit to an account opened in the Trustee's name in such other bank as may be approved by him, all recoveries made from members of the bank under the terms of their mortgage deeds. The Bank shall also carry out all instructions that may, from time to time, be issued by the Trustee under the powers vested in him by the Mysore Co-operative Societies Regulation and the Rules thereunder.

Loans.

38. The lending operations of the Bank shall, for the present, be confined to the taluks of Sagar, Koppa, Sakleshpur and Tumkur.

39. Loans shall be granted only to members, but no registered society, other than a Local Land Mortgage Society, shall be granted loans. No member can claim a loan as a matter of right. Applications for loans shall be disposed of by the Board of Directors.

40. All applications for loans shall be made to the Secretary in the form prescribed for the purpose. He shall place them before the Board of Directors who shall have discretion to grant or reject loans without assigning any reasons.

41. Loans may be given by the Bank only for the following purposes:-

(a) Redemption of subsisting mortgages on agricultural land;

(b) Liquidation of other prior debts of agriculturists.

(c) Improvement of land or for the better cultivation of it; and

(d) Current agricultural operations.

42. The Bank may grant loans either through Local Land Mortgage Societies or direct to individual borrowers.

43. The minimum and maximum amount of loans to be granted

to any one person through a Local Land Mortgage Society shall be ₹.5CO and ₹.5,CCO respectively. Provided that the maximum amount of loans granted through any one such society shall not exceed ₹.30,CCO. In the case of individuals borrowing direct from the Bank, the size of the loan shall not be less than ₹.2,CCO or more than ₹.5,CCO.

44. Long term loans shall be granted for redemption of subsisting mortgages on agricultural land or for liquidation of other prior debts or for the improvement of land, and short term loans shall be granted for the better cultivation of land or for current agricultural operations.

Provided that no loan for the improvement or the better cultivation of agricultural land or for current agricultural operations shall be granted except to a member who has been previously granted a long term loan for the redemption of subsisting mortgages or for liquidation of other prior debts, and whose mortgage is subsisting.

45. (i) Loans granted by the Bank shall bear interest at rates fixed from time to time but not exceeding

(a) a maximum of eight per cent per annum in the case of long term loans; and

(b) a maximum of nine per cent per annum on short term loans.

(ii) In the case of loans granted through a Local Land Mortgage Society the rates of interest charged to the Society shall be such as to enable the members borrowing through such Society to get loans at rates not exceeding those charged by the Bank to individual persons borrowing direct from it.

46. Should a borrower fail to repay his loan or instalment thereof within the stipulated time, he shall be liable to pay interest at ten per cent per annum on the instalments actually overdue from the due date to the date of settlement.

47. Long term loans granted by the Lank shall be repa able in equal yearly instalments which shall not be less than 25 or more than 30 as may be fixed by the Board of Directors, and shall not be liable to be recalled except under the provisions of Section 59 of the Lysore Co-operati Societies Regulation of 1929. Nothin in this by-law shall be considered to preclude the borrower from repaying his loans wholly or in part at any earlier time.

48. Long term loans and the interest due thereon shall be discharged by a system of equated payments, but the borrower will be at liberty to pay larger sums according to his convenience.

49. Long term loans granted by the Bank shall not exceed 50 per cent of the value of the property which is mortgaged to the Bank on account of these loans.

50. The valuation of the properties offered as security for loans shall be made by the Bank in accordance with the principles of land valuation to be prescribed by the Board of Directors and approved by the Registrar of Co-operative Societies.

51. When a mortgage deed is executed by a member, the Board of Directors shall insist on all persons interested in the property joining in the execution whether such persons are themselves members or not.

52. Every application for a loan shall be accompanied by the title deeds and other documents relating to the land proposed to be mortgaged.

53. When a member from whom money is due pays any sum, it shall be appropriated in the following order:-

Firstly to fees, postal, registration and other miscellaneous charges due by him;

Secondly to interest; and

Thirdly to principal.

PROFITS.

54. The net profits of the Bank as declared by the Registrar every year shall be disposed of as shown below:-

(i) not less than ten per cent shall be carried to the credit of the Reserve fund;

(ii) Out of the remainder, a dividend subject to a maximum of five per cent per annum on the paid-up value of each share may be paid to members, proportionately to the amount of paid-up share capital held by each and also the period during which the paid-up share capital was so held during the year; and

(iii) the balance shall be added to the Reserve Fund.

Note: All undisbursable and indivisible profits shall be added to the Reserve Fund.

Reserve Fund.

55. A Reserve Fund shall be formed by the Bank. To this shall be carried

(i) a sum not less than ten per cent of the net profits of every year;

(ii) the interest on the capital of this fund;

(iii) amounts not claimed and amounts forfeited; and

(iv) any other funds which may be credited to the Reserve Fund by the General Body of members.

56. The Reserve Fund shall be invested in such manner as the Registrar of Co-operative Societies may prescribe and shall not be drawn upon except with his sanction.

57. With the previous sanction of the Registrar, the loss in any year may be met from the Reserve Fund, provided that no dividend on the shares is paid that year.

58. In case of the dissolution of the Bank, the Reserve Fund and other funds contributed by it under the provisions of its by-laws may be applied in such manner and to such purposes not inconsistent with the Regulation and Rules as may be determined, with the approval of the Registrar, by the majority of the members.

Management.

59. The administration of the Bank shall be vested in

the following:-

(a) Board of Directors;

(b) Board of Supervision; and

(c) General Body of the Members of the Bank.

Board of Directors.

60. (a) The Board of Directors shall consist of a President and not more than 14 members. Of the members one shall be nominated by Government as provided in Section 54 of the Mysore Co-operative Societies Regulation 1929 and three shall be selected to represent debenture holders as provided in Section 55 of the Regulation and in accordance with rules to be prescribed by Government. The remaining members and the President shall be elected by the General Body of members of the Bank.

(b) The President as well as the other members of the first Board of Directors shall be nominated by Government and shall hold office for a period of two years, at the end of which they shall be replaced by a Board constituted in the manner laid down in by-law.60(a)

61. The President and other members of the Board of Directors shall hold office for one year or until their successors are appointed.

62. A retiring President or director shall be eligible for re-election.

63. The Board of Directors shall administer and conduct the affairs of the Bank, prepare and issue agreements, declarations etc.

64. The following shall be the office bearers of the Bank:
(1) The President;
(2) The Honorary Treasurer, where one such is appointed; and
(3) The Secretary.

65. Subject to such resolutions as the Board of Directors may from time to time pass, the several officers of the Bank shall have the powers mentioned below:-

(a) The President shall have a general control over all the affairs of the Bank. He shall also have power to appoint the members of the establishment as well as to fine, suspend or dismiss them, subject to the approval of the board of Directors in the case of those carrying a salary higher than 3.-0 per mensem.

(b) The President shall be the officer to sue or be sued on behalf of the Bank.

(c) All bonds in favour of the Bank and all bonds executed by the Bank shall be in the name of the President.

(d) The President, if present, shall preside at the meetings of the Board. In the absence of the President, the other directors present may elect a Chairman from among themselves to preside at the meeting.

(e) Whenever the President is obliged to absent himself from his office by indisposition or for any other cause, one of the other directors elected by the Board from among themselves shall officiate for the President and exercise the powers and perform the duties of the President.

66. (a) The Board of Directors shall have power to appoint one of themselves as Honorary Treasurer.

(b) The Honorary Treasurer shall have custody of all properties of the Bank and shall take charge of all money received by the Bank from the members and from others and shall make disbursements in accordance with the directions of the Board. He shall sign the Cash Book in token of its correctness and produce the cash balance whenever called upon to do so by the Board of Auditor.

141

67. ~~67~~ The Secretary shall be a salaried officer. He shall be responsible for the executive administration of the Bank, subject to the control of the President.

68. The President, by virtue of his office, and the Honorary Treasurer or the Secretary when specially authorised thereto by the Board of Directors, shall have power, singly or jointly to execute all documents, grant receipts, and sign cheques and papers and to transfer or negotiate in negotiable instruments. In the case of share certificates, however, they shall be signed both by the President and the Honorary Treasurer or the Secretary where an Honorary Treasurer or a Secretary has been appointed, or any one Director.

69. It shall be competent to the President to direct that any particular question or questions be decided by circulation of papers, by post or otherwise, among the members of the Board, provided that all the members of the Board shall have had a reasonable opportunity of expressing their opinions and that such decision shall have been concurred in by an absolute majority of the total number of members of the Board.

70. Any casual vacancy occurring in the office of the President or other director by death, resignation or any other cause shall be filled up for the unexpired term of his office by the remaining members of the Board.

71. Any member of the Board who fails to attend three consecutive meetings of the Board shall be deemed to have ipso facto vacated his office.

72. A vacancy occurring in the Board by the resignation of the President or other Director shall take effect from the date on which the Bank receives the resignation in its office.

73. The Board may function notwithstanding any vacancy in its number.

74. The entire executive authority of the Bank shall be vested in the Board of Directors. Five Directors including the President or other director presiding, shall form the quorum for a meeting of the Board. All question before the Board shall be decided by a majority of votes. The Chairman shall have a second or casting vote in case of an equality of votes.

75. The Board shall meet once a month or oftener if necessary to conduct the affairs of the Bank. No member of the Board of Directors shall be entitled to be present at a meeting when any matter in which he is personally interested is being discussed.

76. Any member of the Board of Directors who commits default for more than three months in respect of a loan taken by him from the Bank shall ipso facto be considered disqualified to continue as a member of the Board.

77. It shall be the duty of the Board of Directors to maintain such accounts and registers as are prescribed by the Registrar from time to time, to place before a meeting of the General Body the Registrar's notes of audit or inspection within one month from the date of receipt, to correspond with the Registrar and to do all other business relating to the Bank.

78. The Board of Directors shall have power to prescribe from time to time the scale of office establishment or to incur such expenditure as may be necessary for the management of the Bank with reference to the scale and within the budget allotment sanctioned by the General Body for each year.

79. It shall be competent to the Board of Directors to frame subsidiary by-laws for the conduct of the business of the Bank consistent with the Regulation, the Rules under the Regulation and these by-laws. Such subsidiary by-laws shall be entered in the minute book of the Bank and they

shall be reported to the Registrar of Co-operative Societies for approval.

80. The Board of Directors shall be competent to fix the amount and nature of the security, if any, to be given by the members of the office establishment.

81. The members of the Board of Directors shall be responsible for the good management of the Bank. They shall be liable to the Bank for any wilful neglect of their duties and for any distribution of profits or assets contrary to the provisions of the Regulation, Rules or the by-laws.

Board of Supervision.

82. The Board of Supervision shall come into existence two years after the opening of the Bank. The appointment, suspension and removal of the members of the Board, the procedure at its meetings and the powers to be exercised and the duties to be performed by it shall be regulated in accordance with the Rules to be prescribed by Government under the Co-operative Societies Regulation.

General Body.

83. Subject to the general control of Government and of the Registrarof Co-operative Societies, the ultimate authority in all matters relating to the administration of the Bank shall be the General Body of members who shall meet from time to time and at least once a year to conduct the work of the Bank. The first ordinary general meeting of the General Body shall be held at the end of one year from the date of the registration of the Bank. The following among other matters shall be dealt with by the General Body:-

(i) The election and removal of their representatives on the Board of Directors and the Board of Supervision;

(ii) The annual report due to the Registrar of Co-operative Societies;

(iii) The Registrar's annual audit order;

144

(iv) The amendment or repeal of any existing by-laws or the enactment of a new by-law;

(v) The expulsion of a member;

(vi) The consideration of any complaint which any individual member may prefer against the Board of Directors;

(vii) Appeals against the decision of the Board of Directors removing a person or society from membership.

84. A meeting of the General Body of the members may be convened by the Board of Directors whenever necessary for the conduct of the business of the Bank and shall be so convened at the request of fifteen or more members, or at the instance of the Registrar of Co-operative Societies..

85. The quorum for a meeting of the General Body shall be 25 or one-fourth of the total number of members on the list at the time, whichever is less.

86. The President, if present, shall preside at the meetings of the General Body. In the absence of the President the members present may elect a Chairman from their number to preside at the meeting. Every member present shall have one and only one vote. Voting by proxy shall not be allowed. All questions shall be decided by a majority of votes of the members present and voting. When votes are equal, the Chairman of the meeting shall have a casting or second vote. Minor heirs or legal representatives of deceased members, if admitted to membership under by-law 6(a) shall have no voting power. In the case of a society share holder, any member of the society, duly authorised in that behalf by the Society, may attend in person and vote in person. Even if the same member is an individual shareholder of the Bank and also a representative of the Society, he shall not have, on that account, more than one vote.

87. Seven clear days' notice shall be given to members for a meeting of the General Body. The notice shall spe-

specify the day, hour and place of meeting and shall also be accompanied by an agenda paper showing the business to be brought up before the meeting.

88. No amendment to, alteration in, or cancellation of a by-law and enactment of a new by-law shall be made except at a general meeting of the members or shall take effect until it shall have been approved by Government.

89. All other matters concerning the organisation and the working of the Bank as well as the remuneration, if any, which the members of the Board of Directors, the Board of Supervision, the local agents and the auditors may receive shall be regulated by resolutions passed by the General Body and approved by Government. Provided that, in the interval between the registration of the Bank and the first ordinary general meeting of the General Body, such matters shall be regulated by subsidiary instructions to be issued by Government.

Miscellaneous.

90. Government may, at any time, order a revaluation of the properties mortgaged to the Bank in order to ensure that the properties so mortgaged have not deteriorated. When, as a result of such valuation, the security is found inadequate, the Bank shall have power to demand additional security from the party responsible.

91. The accounts of the Bank shall be audited at least once a year by a duly certified auditor. The Government may have the accounts of the Bank audited whenever they consider it necessary by any person to be deputed by them.

92. The Bank's year shall begin on the 1st of July and end on the 30 June following.

93. Within one month after the close of the Bank's year the Board of Directors shall publish annually

(a) a balance sheet showing the assets and

liabilities of the Bank;

(b) a profit and lose account; and

(c) a statement showing the receipts and disbursements for the year.

16.9.29

G.R.S. VI–71]

SUBJECT.....

Diary No. of letter replied to..... 4-29

20/5

Section

File No. 4 – 29

Serial No. 3

General and Revenue Secretariat

( )

the 191

Proceedings of the Government of His Highness the Maharaja of Mysore.

Date of issue 11.11.29.

Signed by Mr. C.E.N.

~~Read~~

Read

Letter no. 499 es 8 the 18th/20th July 29 from the Registrar Cooperative Societies in Mysore forwarding a set of draft bylaws for the working of the Mysore Cooperative Land Mortgage Bank.

~~Order Thereon. No.~~

5927-8/Ed.1

Order no.

Under section 53 of the Mysore

May this be

i Printed ? Yes

ii treated as a standing order ?

iii published in the Gazette, English Part ?

iv translated ?

v placed at the disposal of the press ? Yes C.E.N. 11/11/29

vi published in the Gazette, Kannada Part ?

Of the Native Land Act
Regn VII of 1918 as amended by Regn V of 1929
Societies ~~Amendment Regulation~~, V of 1929,
~~We~~ Joint are pleased to approve of
the accompanying ~~by-laws~~ by-laws
for the Nyasa Co-operative Land
Mortgage Bank

C.M.G.
Chief Secretary to Govt
1.x.29

To the Registrar of Co-operative
Societies

Three Sable
Copies Prov Regs

J.B.B.
30/10/29

List of enclosures.

Copied by

Examined by

WD 1741—GPB—30,000—17-3-19

BY-LAWS OF THE MYSORE CO-OPERATIVE LAND MORTGAGE BANK, LTD.

Name.

1. The name of the Bank is the Mysore Co-operative Land Mortgage Bank, Ltd., Bangalore City.

Address.

2. The registered address of the Bank is Bangalore City, where the office of the Bank shall be situated.

Objects.

3. The main object of the Bank is the relief of agricultural indebtedness by the provision of long term mortgage credit to bona fide land owning members ~~on the mortgage of agricultural land~~ for the redemption of subsisting mortgages or for the liquidation of their other prior debts ~~and~~ or for the permanent improvement of their lands,

Membership.

4. The members of the Bank shall consist of:

(i) Persons, whether agriculturists or non-agriculturists, residing or carrying on business within the limi of the State, who have attained the age of majority and are legally capable of entering into a contract;

(ii) Local Land Mortgage Societies registered under the Mysore Co-operative Societies Regulation; and

(iii) Other Co-operative Societies registered under the Mysore Co-operative Societies Regulation.

5. A Local Land Mortgage Society which is a member of the Bank shall be termed an "Affiliated Society."

6. A person or registered society wishing to become a member of the Bank shall apply to the Secretary of the Bank in the prescribed application form for membership. The

application shall be accompanied by an entrance fee of Re. one, a share fee of annas four for each share applied for, and also, ~~at least~~ a sum not less than the first instalment of Rs.10 towards each share applied for.

7. The application shall be considered by the Board of Directors of the Bank and if it thinks fit, the applicant may be admitted as a member of the Bank and allotted the full number of shares applied for or such smaller number as the Board may deem fit. The Board may reject any application for membership without assigning reasons. In the event of the application being rejected in full, the total amount paid by the applicant with the application ~~will~~ shall be refunded to him. If only a smaller number of shares than applied for is allotted, the proportionate share fee and share instalment shall be refunded or credited to his share account.

8. Every person or registered society whose application for membership has been accepted by the Board of Directors shall be deemed to have become a member of the Bank and to have acquired all the rights and liabilities of a member from the date of such acceptance.

9. Every member of the Bank shall hold at least one share. No individual member can at any time hold more than 20 shares.

10. The name and address of every person admitted to membership as set forth in the application shall be entered in the Register of Members. All changes in their addresses shall be intimated to the Secretary by the members and the same duly entered in the said register.

11. (a) Every person who is a member of the Bank may nominate any person to succeed, in the event of his death to his share or interest in the Bank. Subject to the other by-laws Such nomination shall, in the event of his death, be given effect to by the Bank. Provided that

the nomination has been registered in the books of the Bank maintained for the purpose; and

(ii) the person nominated is admitted by the Board of Directors to membership.

(b) No fees shall be charged for registering the nomination for the first time, but for registering every subsequent change, a fee of four annas shall be charged.

Cessation of Membership.

12. (a) A registered society admitted to membership shall cease to be a member of the Bank if it is removed from membership or if it is dissolved.

(b) Any other member shall cease to be a member of the Bank on death, expulsion, insolvency, ceasing to hold any share of the Bank (by withdrawal, transfer, resignation or forfeiture) and permanent removal of residence from within the limits of the Mysore State.

13. The Directors shall have power to remove any member for persistent default in respect of any sum due to the Bank.

14. The Board of Directors shall remove from membership any person who, being a member of the Bank,

(a) deliberately commits a serious breach of the rules or the by-laws; or

(b) wilfully deceives the Bank by false statements or fictitious documents or endeavours in any way to defraud the Bank; or

(c) is declared insolvent; or

(d) is convicted of any criminal offence which, in the opinion of the Board, is such as to render him unfit to continue as a member of the Bank; or

(e) becomes legally or mentally disabled; or

(f) does any act which is likely to be injurious to the credit, reputation or stability of the Bank.

15. When a member or registered society ceases to be a member of the Bank the Board of Directors shall remove his

name from the list of members and shall pay him back within a reasonable period the share capital actually paid by him with the dividend declared, if any, after deducting therefrom the money, if any, due from him to the Bank either as principal debtor or as surety.

16. (a) On the death of a member, his nominee, if any, registered in the books of the Bank under by-law 11(a) or heir or legal representative in interest may, on application, be admitted as a shareholder of the Bank if he is not already one, and the Board of Directors may, subject to the limit prescribed in by-law 9., transfer the shares held by the deceased member to such applicant on payment of a fee of four annas for each share transferred.

(b) Should, however, such a transfer be not made, the Board shall pay the share capital paid by the deceased with the dividends, if any, due up to the date of payment after the same has been declared, to the heir, representative in interest or the nominee of the deceased under the by-laws in force at the time, after deducting the amounts due to the Bank from the deceased member.

Funds.

17. (a) The Bank will ordinarily obtain its funds from the following sources:-

(i) Share subscriptions;

(ii) Deposits;

(iii) Debentures;

(iv) Grants and other miscellaneous items.

(b) Provided that the liabilities of the Bank by way of deposits, issue of debentures or otherwise shall at no time exceed twelve times the subscribed share capital plus reserve fund.

Liability.

18. The liability of a member is limited to the value

of share or shares held by him.

19. (i) A past member shall be liable for the debts of the Bank as they existed on the date when he ceased to be a member and such liability shall continue for a period of two years ~~from such date~~. after the date of cessation of membership.

(ii) The estate of a deceased member shall be liable for the debts of the Bank as they existed on the date of his decease for a period of one year after his decease.

Transfer of Shares.

20. No member shall be permitted to transfer his share or shares except with the previous sanction of the Board of Directors.

21. Every transferee of a share or shares shall pay a fee of four annas for every share so transferred.

Withdrawal from Membership.

22. No member shall be permitted to withdraw any of the shares held by him in the Bank before the expiry of ten years from the date when such shares were allotted to him. After that period is over a member may withdraw shares with the consent of the Board of Directors. Provided firstly, that he has given at least six months' notice of withdrawal; secondly, that the total amount of share capital that is permitted to be withdrawn in any one year does not exceed ten per cent of the aggregate paid-up share capital of the Bank as it was ~~xx~~ on June 30th preceding; thirdly, that there are no debts due from him to the Bank; and fourthly, that there are no debts due to the Bank in regard to -- which he has stood surety. When a member withdraws shares under this by-law, he shall be paid back the share capital actually paid by him with the dividend declared, if any. For the purpose of calculating the maximum amount of share capital withdrawable in any one year in accordance with this by-law, all repayments of share capital, whether by way of adjustment or otherwise, are to be included except such as are

made under by-laws.15 and 16(6)

23. No affiliated society will be permitted to withdraw from membership.

SHARES.

24. The share capital of the Bank shall, for the present, be fixed at Rs. Five lakhs made up of 10,000 shares of the value of Rs.50 each.

Payment of share money.

25. The members shall, subject to the provisions contained in by-law.6 pay the amount of share or shares allotted to them either in one lumpsum or in monthly instalments of Rs.5 each for each share held and the same shall be paid on or before the 15th of the month for which the instalment is due. Default interest at the rate of two pies per rupee per month shall be levied on all overdue share instalments.

26. If the share instalments remain unpaid for more than three months, the Board of Directors may declare such shares cancelled and payments made thereon, if any, forfeited and the rights of membership if any attaching to these shares extinct. Such shares may however, be renewed, if the Board of Directors permits, within a period of three months from the date of notice of forfeiture, on payment of all arrear amounts including interest and renewal fee of one rupee per share.

D e p o s i t s.

27. The Board of Directors may receive deposits at their discretion either from members or others and it shall be open to them to settle the terms on which deposits shall be taken, provided that the interest on such deposits shall not, in any case. exceed 6½ per cent per annum and provided also that no deposit shall be received for a period of less than two years.

Debentures.

28. Subject to by-law 17(b) and subject to the condition that the total loan raised does not exceed 20 lakhs of rupees, and subject also to the provisions contained in Section 56 of the Mysore Co-operative Societies Regulation of 1929, the Bank may raise loans from time to time by the issue of debenture bonds bearing interest not exceeding six per cent per annum and liable to be redeemed within such period not exceeding 30 years as may be prescribed by the Bank

29. The Bank shall, once every year, draw for redemption by lot as many debenture bonds as its financial condition permits, or, if the Bank deems it preferable, it may repurchase its bonds instead of drawing them by lot. Provided that the Bank shall not redeem or repurchase any debenture bond issued by it within a period of ten years from the date of issue of the Bond.

30. The Bank shall be at liberty to effect a reduction in the rate of interest payable on any series of debenture bonds at any time after the expiry of the minimum period of redemption thereof, and provided that option is given to the holders of such bonds to accept payment in cash at par.

31. The previous sanction of Government will be necessary for: (i) the conversion of one class of debentures into another class bearing a different rate of interest or (ii) for any other matters in which the Government may desire that their previous sanction should be obtained.

32. (i) Debentures which, by reason of damage sustained, have become unfit for circulation, provided however, that the essential marks for genuineness and identity are still recognizable; especially the number, the amount, the rate of interest, the date and signatures of the authorised executing officers of the Board of Directors, will be replaced at the request of the holder on giving up the damaged or defaced debentures. Fresh debentures shall also be issued to re-

replace completely destroyed debentures when, in the opinion of the Board of Directors, the fact of destruction is proved without any doubt or uncertainty.

(ii) When such proof is not produced or when in case of damage the essential marks on the debenture are lost and no longer recognizable, as well as in all cases in which the debenture has been stolen from the owner or has been in other ways mislaid, a new debenture will only be issued when the debenture which is alleged to be missing or unrecognizable has been previously advertised for by the claimant in the manner prescribed by the Board of Directors and its nullity legally declared.

(iii) The re-issue shall be made for the same amount under the same number with the addition of the word "renewed" and at the cost of the debenture holder concerned.

33. The debenture shall be signed and executed by at least three members of the Board of Directors of whom the President shall be one. The Bank shall have a special seal to be used for debentures and the seal shall remain in the safe custody of the President.

34. No debenture holder can claim the repayment of the value of his debenture before the expiry of the period for which the debenture was issued.

~~36.~~ Debentures in respect of which notice of redemption has been given to the holders by the Board of Directors must be given up on the expiry of the term mentioned in the notice and if the debentures are not ~~handed in until after the expiry of the term~~ given up the holder shall have no claim upon the Bank for interest accruing after the expiry of the term.

~~37.~~ The capital raised by debentures shall be earmarked for the grant of long term loans on the mortgage of agricultural land, short term loans, if any, being granted out of shares and deposits.

157

36/ ~~37.~~ Whenever a Trustee is appointed by Government, the Bank shall, if so required by the Trustee, transfer to him its right in the mortgages on the security of which debentures are issued. The Bank shall also credit to an account opened in the Trustee's name in such other bank as may be approved by him, all recoveries made from members of the Bank under the terms of their mortgage deeds. The Bank shall also carry out all instructions that ___, from time to time, be issued by the Trustee under the powers vested in him by the Mysore Co-operative Societies Regulation and the Rules thereunder.

Loans.

37/ ~~38.~~ The lending operations of the Bank shall, for the present, be confined to the taluks of Sagar, Koppa, Saklespur and Tumkur.

38/ ~~39.~~ Loans shall be granted only to members, but no registered society, other than a Local Land Mortgage Society, shall be granted loans. No member can claim a loan as a matter of right. Applications for loans shall be disposed of by the Board of Directors.

39/ ~~40.~~ All applications for loans shall be made to the Secretary in the form prescribed for the purpose. He shall place them before the Board of Directors who shall have discretion to grant or reject loans without assigning any reasons.

40/ ~~41.~~ Loans may be given by the Bank only for the following purposes:-

(a) Redemption of subsisting mortgages on agricultural land;

(b) Liquidation of other prior debts of agriculturists.

(c) Improvement of land or for the better cultivation of it; and

(d) Current agricultural operations.

41 ~~42.~~ The Bank may grant loans either through Local Land Mortgage Societies or direct to individual borrowers.

42/ ~~43.~~ The minimum and maximum amount of loans to be granted

158

to any one person through a Local Land Mortgage Society shall be Rs.500 and Rs.5,000 respectively. Provided that the maximum amount of laans granted through any one such society shall not exceed Rs.30,000. In the case of individuals borrowing direct from the Bank, the ~~size of the~~ loan shall not be less than Rs.2,000 or more than Rs.5,000.

and provided also that the Local Land Mortgage Society shall be surety to the Land Mortgage Bank for all loans granted through it to the members. Loans through Local Land Mortgage Banks shall also be subject to the conditions laid down in by-laws governing direct loans in all respects.

43) ~~44.~~ Long term loans shall be granted for redemption of subsisting mortgages on agricultural land or for liquidation of other prior debts or for the improvement of land, and short term loans shall be granted for the better cultivation of land or for current agricultural operations.

Provided that no loan for the improvement or the better cultivation of agricultural land or for current agricultural operations shall be granted except to a member who has been previously granted a long term loan for the redemption of subsisting mortgages or for liquidation of other prior debts, and whose mortgage is subsisting.

44) ~~45.~~ (i) Loans granted by the Bank shall bear interest at rates fixed from time to time but not exceeding

(a) a maximum of eight per cent per annum in the case of long term loans; and

(b) a maximum of nine per cent per annum on short term loans.

(ii) In the case of loans granted through a Local Land Mortgage Society the rates of interest charged to the Society shall be such as to enable the members borrowing through such Society to get loans at rates not exceeding those ~~that~~ charged by the Bank to individual persons borrowing direct from it.

45) ~~46.~~ Should a borrower fail to repay his loan or instalment thereof within the stipulated time, he shall be liable to pay interest at ten per cent per annum on the instalments actually overdue from ~~him~~ the due date to the date of settlement.

46 ~~47.~~ Long term loans granted by the Bank shall be repayable in equal yearly instalments which shall not be less than 25 or more than 30 as may be fixed by the Board of Directors, and shall not be liable to be recalled except under the provisions of Section 59 of the Mysore Co-operative Societies Regulation of 1999. Nothing in this by-law shall be considered to preclude the borrower from repaying his loans wholly or in part at any earlier time.

47 ~~48.~~ Long term loans and the interest due thereon shall be discharged by a system of equated payments, but the borrower will be at liberty to pay larger sums according to his convenience.

48 ~~49.~~ Long term loans granted by the Bank shall not exceed 50 per cent of the value of the property which is mortgaged to the Bank on account of these loans.

49 ~~50.~~ The valuation of the properties offered as security for loans shall be made by the Bank in accordance with the principles of land valuation to be prescribed by the Board of Directors and approved by the Registrar of Co-operative Societies.

50 ~~51.~~ When a mortgage deed is executed by a member, the Board of Directors shall insist on all persons interested in the property joining in the execution whether such persons are themselves members or not.

57 ~~52.~~ Every application for a loan shall be accompanied by the title deeds and other documents relating to the land proposed to be mortgaged.

52 ~~53.~~ When a member from whom money is due pays any sum, it shall be appropriated in the following order:-

Firstly to fees, postal, registration and other miscellaneous charges due by him;

Secondly to interest; and

Thirdly to principal.

160

PROFITS.

57 ~~54.~~ The net profits of the Bank as declared by the Registrar every year shall be disposed of as shown below:-

(i) not less than ten per cent shall be carried to the credit of the Reserve fund;

(ii) Out of the remainder, a dividend subject to a maximum of five per cent per annum on the paid-up value of each share may be paid to members, proportionately to the amount of paid-up share capital held by each and also the period during which the paid-up share capital was so held during the year; and

(iii) the balance shall be added to the Reserve Fund.

Note: All undisbursable and indivisible profits shall be added to the Reserve Fund.

Reserve Fund.

54 ~~56.~~ A Reserve Fund shall be formed by the Bank. To this shall be carried

(i) a sum not less than ten per cent of the net profits of every year;

(ii) the interest on the capital of this fund;

(iii) amounts not claimed and amounts forfeited; and

(iv) any other funds which may be credited to the Reserve Fund by the General Body of members.

55 ~~56.~~ The Reserve Fund shall be invested in such manner as the Registrar of Co-operative Societies may prescribe and shall not be drawn upon except with his sanction.

56 ~~57.~~ With the previous sanction of the Registrar, the loss in any year may be met from the Reserve Fund, provided that no dividend on the shares is paid that year.

57 68. In case of the dissolution of the Bank, the Reserve Fund and other funds contributed by it under the provisions of its by-laws may be applied in such manner and to such purposes not inconsistent with the Regulation and Rules as may be determined, with the approval of the Registrar, by the majority of the members.

Management.

58 ~~59.~~ The administration of the Bank shall be vested in

the following:-

(a) Board of Directors;

(b) Board of Supervision; and

(c) General Body of the Members of the Bank.

Board of Directors.

57) ~~60.~~ (a) The Board of Directors shall consist of a President and not more than 14 members. Of the members one shall be nominated by Government as provided in Section 54 of the Mysore Co-operative Societies Regulation 1929 and three shall be selected to represent debenture holders as provided in Section 55 of the Regulation and in accordance with rules to be prescribed by Government. The remaining members and the President shall be elected by the General Body of members of the Bank.

(b) The President as well as the other members of the first Board of Directors shall be nominated by Government and shall hold office for a period of two years, at the end of which they shall be replaced by a Board constituted in the manner laid down in by-law 59(a).

~~61.~~ The President and other members of the Board of Directors shall hold office for one year or until their successors are appointed.

61 ~~62.~~ A retiring President or director shall be eligible for re-election.

62 ~~63.~~ The Board of Directors shall administer and conduct the affairs of the Bank, prepare and issue agreements, declarations etc.

63 ~~64.~~ The following shall be the office bearers of the Bank:

(1) The President;
(2) The Honorary Treasurer, where one such is appointed; and
(3) The Secretary

162

~~65.~~ Subject to such resolutions as the Board of Directors may from time to time pass, the several officers of the Bank shall have the powers mentioned below:-

(a) The President shall have a general contral over all the affairs of the Bank. He shall also have power to appoint the members of the establishment as well as to fine, suspend or dismiss them, subject to the approval of the Board of Directors in the case of those carrying a salary higher than Rs,50 per mensem.

(b) The President shall be the officer to sue or be sued on behalf of the Bank.

(c) All bonds in favour of the Bank and all bonds executed by the Bank (except debenture bonds) shall be in the name of the President.

(d) The President, if present, shall preside at the meetings of the Board. In the absence of the President, the other directors present may elect a Chairman from among themselves to preside at the meeting.

(e) Whenever the President is obliged to absent himself from his office by indisposition or for any other cause, one of the other directors elected by the Board from among themselves shall officiate for the President and exercise the powers and perform the duties of the President.

65 ~~66.~~ (a) The Board of Directors shall have power to appoint one of themselves as Honorary Treasurer.

(b) The Honorary Treasurer shall have custody of all properties of the Bank and shall take charge of all money received by the Bank from the members and from others and shall make disbursements in accordance with the directions of the Board He shall sign the Cash Book in token of its correctness and produce the cash balance whenever called upon to do so by the Board or Auditor.

~~67.~~ ~~66~~ The Secretary shall be a salaried officer. He shall be responsible for the executive administration of the Bank, subject to the control of the President.

~~68.~~ The President, by virtue of his office, and the Honorary Treasurer or the Secretary when specially authorised thereto by the Board of Directors, shall have power, singly or jointly to execute all documents, grant receipts, and sign cheques and papers and to transfer or negotiate in negotiable instruments. In the case of share certificates, however, they shall be signed both by the President and the Honorary Treasurer or the Secretary where an Honorary Treasurer or a Secretary has been appointed, or any one Director.

68 ~~69.~~ It shall be competent to the President to direct that any particular question or questions be decided by circulation of papers, by post or otherwise, among the members of the Board, provided that all the members of the Board shall have had a reasonable opportunity of expressing their opinions and that such decision shall have been concurred in by an absolute majority of the total number of members of the Board.

69 ~~70.~~ Any casual vacancy occurring in the office of the President or other director by death, resignation or any other cause shall be filled up for the unexpired term of his office by the remaining members of the Board.

70 ~~71.~~ Any member of the Board who fails to attend three consecutive meetings of the Board shall be deemed to have ipso facto vacated his office.

71 ~~72.~~ A vacancy occurring in the Board by the resignation of the President or other Director shall take effect from the date on which the Bank receives the resignation in its office.

72 ~~73.~~ The Board may function notwithstanding any vacancy in its number.

73 ~~74.~~ The entire executive authority of the Bank shall be vested in the Board of Directors. Five Directors including the President, or other director presiding, shall form the quorum for a meeting of the Board. All questions before the Board shall be decided by a majority of votes. The Chairman shall have a second or casting vote in case of an equality of votes.

74 ~~75.~~ The Board shall meet once a month or oftener if necessary to conduct the affairs of the Bank. No member of the Board of Directors shall be entitled to be present at a meeting when any matter in which he is personally interested is being discussed.

75 ~~76.~~ Any member of the Board of Directors who commits default for more than three months in respect of a loan taken by him from the Bank shall <u>ipso facto</u> be considered disqualified to continue as a member of the Board.

76 ~~77.~~ It shall be the duty of the Board of Directors to maintain such accounts and registers as are prescribed by the Registrar from time to time, to place before a meeting of the General Body the Registrar's notes of audit or inspection, within one month from the date of receipt, to correspond with the Registrar and to do all other business relating to the Bank.

77 ~~78.~~ The Board of Directors shall have power to prescribe from time to time the scale of office establishment and to incur such expenditure as may be necessary for the management of the Bank with reference to the scale and within the budget allotment sanctioned by the General Body for each year.

78 ~~79.~~ It shall be competent to the Board of Directors to frame subsidiary ~~by-laws~~ instructions for the conduct of the business of the Bank consistent with the Regulation, the Rules under the Regulation and these by-laws. Such subsidiary by-laws shall be entered in the minute book of the Bank and they

shall be reported to the Registrar of Co-operative Societies for approval.

79 ~~80.~~ The Board of Directors shall be competent to fix the amount and nature of the security, if any, to be given by the members of the office establishment.

80 ~~81.~~ The members of the Board of Directors shall be responsible for the good management of the Bank. They shall be liable to the Bank for any wilful neglect of their duties and for any distribution of profits or disposal of assets contrary to the provisions of the Regulation, Rules or the by-laws.

Board of Supervision.

81 ~~82.~~ The Board of Supervision shall come into existence two years after the opening of the Bank. The appointment, suspension and removal of the members of the Board, the procedure at its meetings and the powers to be exercised and the duties to be performed by it shall be regulated in accordance with the Rules to be prescribed by Government under the Co-operative Societies Regulation.

General Body.

82 ~~83.~~ Subject to the general control of Government and of the Registrarof Co-operative Societies, the ultimate authority in all matters relating to the administration of the Bank shall be the General Body of members who shall meet from time to time and at least once a ye to conduct the work of the Bank. The first ordinary general meeting of the General Body shall be held at the end of one year from the date of the registration of the Bank. The following among other matters shall be dealt with by the General Body:-

(i) The election and removal of their representatives on the Board of Directors and the Board of Supervision;

(ii) The annual report due to the Registrar of Co-operative Societies;

(iii) The Registrar's annual audit order;

165

(iv) The amendment or repeal of any existing by-laws or the enactment of a new by-law;

(v) The expulsion of a member; ~~or~~

(vi) The consideration of any complaint which any individual member may prefer against the Board of Directors; ~~or~~

(vii) Appeals against the decision of the Board of Directors removing a person or society from membership.

83 ~~84.~~ A meeting of the General Body of the members may be convened by the Board of Directors whenever necessary for the conduct of the business of the Bank and shall be so convened at the request of fifteen or more members, or at the instance of the Registrar of Co-operative Societies..

84 ~~85.~~ The quorum for a meeting of the General Body shall be 25 or one-fourth of the total number of members on the list at the time, whichever is less.

85 ~~86.~~ The President, if present, shall preside at the meetings of the General Body. In the absence of the President the members present may elect a Chairman from their number to preside at the meeting. Every member present shall have one and only one vote. Voting by proxy shall not be allowed. All questions shall be decided by a majority of votes of the members present and voting. When votes are equal, the Chairman of the meeting shall have a casting or second vote. Minor heirs or legal representatives of deceased members, if admitted to membership under by-law 16(c) shall have no voting power. In the case of a society share holder, any member of the Society, duly authorised in that behalf by the Society, may attend in person and vote in person. Even if the same member is an individual shareholder of the Bank and also a representative of the Society, he shall not have, on that account, more than one vot-

~~87.~~ Seven clear days' notice shall be given to members for a meeting of the General Body. The notice shall spe-

specify the day, hour and place of meeting and shall also be accompanied by an agenda paper showing the business to be brought up before the meeting.

87 ~~88.~~ No amendment to, alteration in, or cancellation of a by-law and enactment of a new by-law shall be made except at a general meeting of the members or shall take effect until it shall have been approved by Government.

88 ~~89.~~ All other matters concerning the organistion and the working of the Bank as well as the remuneration, if any, which the members of the Board of Directors, the Board of Supervision, the local agents and the auditors may receive shall be regulated by resolutions passed by the General Body and approved by Government. Provided that, in the interval between the registration of the Bank and the first ordinary general meeting of the General Body, such matters shall be regulated by subsidiary instructions to be issued by Government.

~~90.~~ Miscellaneous.

89 ~~90.~~ Government may, at any time, order a revaluation of the properties mortgaged to the Bank in order to ensure that the properties so mortgaged have not deteriorated. When, as a result of such valuation, the security is found inadequate, the Bank shall have power to demand additional security from the party responsible.

90 ~~91.~~ The accounts of the Bank shall be audited at least once a year by a duly certified auditor. The Government may have the accounts of the Bank audited whenever they consider it necessary by any person to be deputed by them.

91 ~~92.~~ The Bank's year shall begin on the 1st of July and end on the 30 June following.

92 ~~93.~~ Within one month after the close of the Bank's year the Board of Directors shall publish annually

(a) a balance sheet showing the assets and

liabilities of the Bank;

(b) a profit and loss account; and

(c) a statement showing the receipts and disbursements for the year.

16.9.29

S. O.

Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS.

G. O. No. G. 5927-8—L. M. 4-29-3, dated 11th November 1929.

Mysore Co-operative Land Mortgage Bank.

Approves the bye-laws of the——.

READ—

Letter No. 499—C. S., dated the 18th—20th July 1929, from the Registrar of Co-operative Societies in Mysore forwarding a set of draft bye-laws for the working of the Mysore Co-operative Land Mortgage Bank.

ORDER No. G. 5927-8—L. M. 4-29-3, DATED 11TH NOVEMBER 1929.

Under section 53 of the Mysore Co-operative Societies Regulation, VII of 1918, as amended by Regulation V of 1929, Government are pleased to approve of the accompanying bye-laws of the Mysore Co-operative Land Mortgage Bank.

N. RAMA RAO,
Secretary to Government,
Development Departments.

To—The Registrar of Co-operative Societies in Mysore.
PRESS TABLE.

EXD.—P. S. R. N.

No. G. 5927-8—L. M. 4-29-3, dated 11th November 1929.

THE MYSORE CO-OPERATIVE LAND MORTGAGE BANK, Ltd., BANGALORE CITY.

Bye-laws (as approved by Government.)

Name.

1. The name of the Bank is the Mysore Co-operative Land Mortgage Bank, Limited, Bangalore City.

Address.

2. The registered address of the Bank is Bangalore City, where the office of the Bank shall be situated.

Objects.

3. The main object of the Bank is the relief of agricultural indebtedness by the provision of long term mortgage credit to *bona fide* land owning members.

Membership.

4. The members of the Bank shall consist of :

(i) Persons, whether agriculturists or non-agriculturists, residing or carrying on business within the limits of the State, who have attained the age of majority and are legally capable of entering into a contract ;

(ii) Local Land Mortgage Societies registered under the Mysore Co-operative Societies Regulation ; and

(iii) Other Co-operative Societies registered under the Mysore Co-operative Societies Regulation.

5. A Local Land Mortgage Society which is a member of the Bank shall be termed an " Affiliated Society."

6. A person or registered society wishing to become a member of the Bank shall apply to the Secretary of the Bank in the prescribed application form for membership. The application shall be accompanied by an entrance fee of Re. 1, a share fee of annas four for each share applied for, and also, a sum not less than the first instalment of Rs. 10 towards each share applied for.

7. The application shall be considered by the Board of Directors of the Bank and if it thinks fit, the applicant may be admitted as a member of the Bank and allotted the full number of shares applied for or such smaller number as the Board may deem fit. The Board may reject any application for membership without assigning reasons. In the event of the application being rejected in full, the total amount paid by the applicant with the application shall be refunded to him. If only a smaller number of shares than applied for is allotted, the proportionate share fee and share instalment shall be refunded or credited to his share account.

8. Every person or registered society whose application for membership has been accepted by the Board of Directors shall be deemed to have become a member of the Bank and to have acquired all the rights and liabilities of a member from the date of such acceptance.

9. Every member of the Bank shall hold at least one share. No individual member can at any time hold more than 20 shares.

10. The name and address of every person admitted to membership as set forth in the application shall be entered in the Register of Members. All changes in their addresses shall be intimated to the Secretary by the members and the same duly entered in the said Register.

11. (*a*) Every person who is a member of the Bank may nominate any person to succeed, in the event of his death, to his share or interest in the Bank. Subject to the other bye-laws, such nomination shall, in the event of his death, be given effect to by the Bank. Provided that—

(i) the nomination has been registered in the books of the Bank maintained for the purpose; and

(ii) the person nominated is admitted by the Board of Directors to membership.

(*b*) No fees shall be charged for registering the nomination for the first time, but for registering every subsequent change, a fee of four annas shall be charged.

Cessation of Membership.

12. (a) A registered society admitted to membership shall cease to be a member of the Bank if it is removed from membership or if it is dissolved.

(*b*) Any other member shall cease to be a member of the Bank on death, expulsion, insolvency, ceasing to hold any share of the Bank (by withdrawal, transfer, resignation or forfeiture) and permanent removal of residence from within the limits of the Mysore State.

13. The Directors shall have power to remove any member for persistent default in respect of any sums due to the Bank.

14. The Board of Directors shall remove from membership any person who, being a member of the Bank,

(*a*) deliberately commits a serious breach of the rules or the bye-laws; or

(*b*) wilfully deceives the Bank by false statements or fictitious documents or endeavours in any way to defraud the Bank; or

(*c*) is declared insolvent; or

(*d*) is convicted of any criminal offence which, in the opinion of the Board, is such as to render him unfit to continue as a member of the Bank; or

(*e*) becomes legally or mentally disabled; or

(*f*) does any act which is likely to be injurious to the credit, reputation or stability of the Bank.

15. When a member or registered society ceases to be a member of the Bank, the Board of Directors shall remove his name from the list of members and shall pay him back within a reasonable period the share capital actually paid by him with the dividend declared, if any, after deducting therefrom the money, if any, due from him to the Bank either as principal debtor or as surety.

16. (*a*) On the death of a member, his nominee, if any, registered in the books of the Bank under bye-law 11 (a) or heir or legal representative in interest may, on application, be admitted as a shareholder of the Bank if he is not already one, and the Board of Directors may, subject to the limit prescribed in bye-law 9 transfer the shares held by the deceased member to such applicant on payment of a fee of four annas for each share transferred.

(*b*) Should, however, such a transfer be not made, the Board shall pay the share capital paid by the deceased with the dividends, if any, due up to the date of payment after the same has been declared, to the heir, representative in interest or the nominee of the deceased under the bye-laws in force at the time, after deducting the amounts due to the Bank from the deceased member.

Funds.

17. (*a*) The Bank will ordinarily obtain its funds from the following sources .—

(i) Share subscriptions ;
(ii) Deposits ;
(iii) Debentures ; and
(iv) Grants and other miscellaneous items.

(*b*) Provided that the liabilities of the Bank by way of deposits, issue of debentures or otherwise shall at no time exceed twelve times the subscribed share capital plus reserve fund.

Liability.

18. The liability of a member is limited to the value of the share or shares held by him.

19. (i) A past member shall be liable for the debts of the Bank as they existed on the date when he ceased to be a member and such liability shall continue for a period of two years after the date of cessation of membership.

(ii) The estate of a deceased member shall be liable for the debts of the Bank as they existed on the date of his decease for a period of one year after his decease.

Transfer of Shares.

20. No member shall be permitted to transfer his share or shares except with the previous sanction of the Board of Directors.

21. Every transferee of a share or shares shall pay a fee of four annas for every share so transferred.

Withdrawal from Membership.

22. No member shall be permitted to withdraw any of the shares held by him in the Bank before the expiry of ten years from the date when such shares were allotted to him. After that period is over a member may withdraw shares with the consent of the Board of Directors. Provided firstly, that he has given at least six months' notice of withdrawal; secondly, that the total amount of share capital that is permitted to be withdrawn in any one year does not exceed ten per cent of the aggregate paid-up share capital of the Bank as it was on June 30th preceding; thirdly that there are no debts due from him to the Bank; and fourthly, that there are no debts due to the Bank in regard to which he has stood surety. When a member withdraws shares under this bye-law he shall be paid back the share capital actually paid by him with the dividend declared if any. For the purpose of calculating the maximum amount of share capital withdrawable in any one year in accordance with this bye-law, all repayments of share capital whether by way of adjustment or otherwise, are to be included except such as are made under bye-laws 15 and 16 (b).

23. No affiliated society will be permitted to withdraw from membership.

Shares.

24. The share capital of the Bank shall, for the present, be fixed at Rs. 5 lakhs made up of 10,000 shares of the value of Rs. 50 each.

Payment of Share Money.

25. The members shall, subject to the provisions contained in bye-law No. 6, pay the amount of share or shares allotted to them either in one lumpsum or in monthly instalments of Rs. 5 each for each share held and the same shall be paid on or before the 15th of the month for which the instalment is due. Default interest at the rate of two pies per rupee per month shall be levied on all overdue share instalments.

26. If the share instalments remain unpaid for more than three months, the Board of Directors may declare such shares cancelled and payments made thereon, if any, forfeited and the rights of membership if any, attaching to these shares extinct. Such shares may, however, be renewed, if the Board of Directors permits, within a period of three months from the date of notice of forfeiture, on payment of all arrear amounts including interest and renewal fee of one rupee per share.

Deposits.

27. The Board of Directors may receive deposits at their discretion either from members or others and it shall be open to them to settle the terms on which deposits shall be taken, provided that the interest on such deposits shall not, in any case, exceed

6½ per cent per annum, and provided also that no deposit shall be received for a period of less than two years.

Debentures.

28. Subject to bye-law 17 (*b*) and subject to the condition that the total loan raised does not exceed 20 lakhs of rupees, and subject also to the provisions contained in section 56 of the Mysore Co-operative Societies Regulation of 1929, the Bank may raise loans from time to time by the issue of debenture bonds bearing interest not exceeding six per cent per annum and liable to be redeemed within such period not exceeding 30 years as may be prescribed by the Bank.

29. The Bank shall, once every year, draw for redemption by lot as many debenture bonds as its financial condition permits, or, if the Bank deems it preferable, it may re-purchase its bonds instead of drawing them by lot. Provided that the Bank shall not redeem or repurchase any debenture bond issued by it within a period of ten years from the date of issue of the bond.

30. The Bank shall be at liberty to effect a reduction in the rate of interest payable on any series of debenture bonds at any time after the expiry of the minimum period of redemption thereof, and provided that option is given to the holders of such bonds to accept payment in cash at par.

31 The previous sanction of Government will be necessary for:—

(i) the conversion of one class of debentures into another class bearing a different rate of interest; or

(ii) for any other matters in which the Government may desire that their previous sanction should be obtained.

32. (i) Debentures which, by reason of damage sustained, have become unfit for circulation, provided however, that the essential marks for genuineness and identity are still recognizable, especially the number, the amount, the rate of interest, the date and signatures of the authorised executing officers of the Board of Directors, will be replaced at the request of the holder on giving up the damaged or defaced debentures. Fresh debentures shall also be issued to replace completely destroyed debentures when, in the opinion of the Board of Directors, the fact of destruction is proved without any doubt or uncertainty.

(ii) When such proof is not produced or when in case of damage the essential marks on the debenture are lost and no longer recognizable, as well as in all cases in which the debenture has been stolen from the owner or has been in other ways mislaid, a new debenture will only be issued when the debenture which is alleged to be missing or unrecognizable has been previously advertised for by the claimant in the manner prescribed by the Board of Directors and its nullity legally declared.

C No. G. 5927-8—L. M. 4-29-3, DATED 11TH NOVEMBER 1929.

(iii) The re-issue shall be made for the same amount under the same number with the addition of the word " renewed " and at the cost of the debenture-holder concerned.

33. The debenture shall be signed and executed by at least three members of the Board of Directors of whom the President shall be one. The Bank shall have a special seal to be used for debentures and the seal shall remain in the safe custody of the President.

34. Debentures in respect of which notice of redemption has been given to the holders by the Board of Directors must be given up on the expiry of the term mentioned in the notice and if the debentures are not so given up, the holder shall have no claim upon the Bank for interest accruing after the expiry of the term.

35. The capital raised by debentures shall be earmarked for the grant of long term loans on the mortgage of agricultural land, short term loans, if any, being granted out of share capital and deposits.

36. Whenever a Trustee is appointed by Government, the Bank shall, if so required by the Trustee, transfer to him its right in the mortgages on the security of which debentures are issued. The Bank shall also credit to an account opened in the Trustee's name in such other Bank as may be approved by him, all recoveries made from members of the Bank under the terms of their mortgage deeds. The Bank shall also carry out all instructions that may, from time to time, be issued by the Trustee under the powers vested in him by the Mysore Co-operative Societies Regulation and the Rules thereunder.

Loans.

37. The lending operations of the Bank shall, for the present, be confined to the Taluks of Sagar, Koppa, Saklespur and Tumkur.

38. Loan shall be granted only to members, but no registered society, other than a Local Land Mortgage Society, shall be granted loans. No member can claim a loan as a matter of right. Applications for loans shall be disposed of by the Board of Directors.

39. All applications for loans shall be made to the Secretary in the form prescribed for the purpose. He shall place them before the Board of Directors who shall have discretion to grant or reject loans without assigning any reasons.

40. Loans may be given by the Bank only for the following purposes:—

(*a*) Redemption of subsisting mortgages on agricultural land;

(*b*) Liquidation of other prior debts of agriculturists;

(*c*) Improvement of land or for the better cultivation of it; and

(*d*) Current agricultural operations.

41. The Bank may grant loans either through Local Land Mortgage Societies or direct to individual borrowers.

42. The minimum and maximum amount of loans to be granted to any one person through a Local Land Mortgage Society shall be Rs. 500 and Rs. 5,000 respectively. Provided that the maximum amount of loans granted through any one such society shall not exceed Rs. 30,000 and provided also that the Local Land Mortgage Society shall be surety to the Land Mortgage Bank for all loans granted through it to the members. Loans granted through Local Land Mortgage Societies also, shall be subject to the conditions laid down in the bye-laws governing direct loans in all other respects. In the case of individuals borrowing direct from the Bank, the loan shall not be less than Rs 2,000 or more than Rs. 5,000.

43. Long term loans shall be granted for redemption of subsisting mortgages on agricultural land or for liquidation of other prior debts or for the improvement of land, and short term loans shall be granted for the better cultivation of land or for current agricultural operations.

Provided that no loan for the improvement or the better cultivation of agricultural land or for current agricultural operations shall be granted except to a member who has been previously granted a long term loan for the redemption of subsisting mortgages or for liquidation of other prior debts, and whose mortgage is subsisting.

44. (i) Loans granted by the Bank shall bear interest at rates fixed from time to time but not exceeding

(*a*) a maximum of eight per cent per annum in the case of long term loans; and

(*b*) a maximum of nine per cent per annum on short term loans.

(ii) In the case of loans granted through a Local Land Mortgage Society the rates of interest charged to the Society shall be such as to enable the members borrowing through such Society to get loans at rates not exceeding those charged by the Bank to individual persons borrowing direct from it.

45. Should a borrower fail to repay his loan or instalment thereof within the stipulated time, he shall be liable to pay interest at ten per cent per annum on the instalments actually overdue from the due date to the date of settlement.

46. Long term loans granted by the Bank shall be repayable in equal yearly instalments which shall not be less than 25 or more than 30 as may be fixed by the Board of Directors, and shall not be liable to be recalled except under the provisions of section 59 of the Mysore Co-operative Societies Regulation of 1929. Nothing in this bye-law shall be considered to preclude the borrower from repaying his loans wholly or in part at any earlier time.

47. Long term loans and the interest due thereon shall be discharged by a system of equated payments, but the borrower will be at liberty to pay larger sums according to his convenience.

48. Long term loans granted by the Bank shall not exceed 50 per cent of the value of the property which is mortgaged to the Bank on account of these loans.

49. The valuation of the properties offered as security for loans shall be made by the Bank in accordance with the principles of land valuation to be prescribed by the Board of Directors and approved by the Registrar of Co-operative Societies.

50. When a mortgage deed is executed by a member, the Board of Directors shall insist on all persons interested in the property joining in the execution whether such persons are themeselves members or not.

51. Every application for a loan shall be accompanied by the title deeds and other documents relating to the land proposed to be mortgaged.

52. When a member from whom money is due pays any sum, it shall be appropriated in the following order:—

Firstly to fees, postal, registration, and other miscellaneous charges due by him.

Secondly to interest; and

Thirdly to principal.

Profits.

53. The net profits of the Bank as declared by the Registrar every year shall be disposed of as shown below;—

(i) Not less than ten per cent shall be carried to the credit of the Reserve fund;

(ii) Out of the remainder, a dividend subject to a maximum of five per cent per annum on the paid-up value of each share may be paid to members, proportionately to the amount of paid-up share capital held by each and also the period during which the paid-up share capital was so held during the year; and

(iii) the balance shall be added to the Reserve Fund.

Note.—All undisbursable and indivisible profits shall be added to the Reserve Fund.

Reserve Fund.

54. A Reserve Fund shall be formed by the Bank. To this shall be carried

(i) A sum not less than ten per cent of the net profits of every year,

(ii) the interest on the capital of this fund,

(iii) amounts not claimed and amounts forfeited, and

(iv) any other funds which may be credited to the Reserve Fund by the General Body of members.

55. The Reserve Fund shall be invested in such manner as the Registrar of Co-operative Societies may prescribe and shall not be drawn upon except with his sanction.

56. With the previous sanction of the Registrar, the loss in any year may be met from the Reserve Fund, provided that no dividend on the shares is paid that year.

57. In case of the dissolution of the Bank, the Reserve Fund and other funds contributed by it under-

the provisions of its bye-laws may be applied in such manner and to such purposes not inconsistent with the Regulation and Rules as may be determined, with the approval of the Registrar, by the majorty of the members.

Management.

58. The administration of the Bank shall be vested in the following :—

(*a*) Board of Directors;
(*b*) Board of Supervision ; and
(*c*) General Body of the Members of the Bank.

Board of Directors.

59. (*a*) The Board of Directors shall consist of a President and not more than 14 members. Of the members one shall be nominated by Government as provided in Section 54 of the Mysore Co-operative Societies Regulation 1929 and three shall be selected to represent debenture holders as provided in Section 55 of the Regulation and in accordance with rules to be prescribed by Government. The remaining members and the President shall be elected by the General Body of the members of the Bank.

(*b*) The President as well as the other members of the first Board of Directors shall be nominated by Government and shall hold office for a period of two years, at the end of which they shall be replaced by a Board constituted in the manner laid down in bye-law 59 (*a*).

60. The President and other members of the Board of Directors shall hold office for one year or until their successors are appointed.

61. A retiring President or Director shall be eligible for re-election.

62. The Board of Directors shall administer and conduct the affairs of the Bank, prepare and issue agreements, declarations, etc.

63. The following shall be the office bearers of the Bank :—

(1) The President ;
(2) The Honorary Treasurer, where one such is appointed ; and
(3) The Secretary.

64. Subject to such resolutio › Board of Directors may, from time to time pass, the several officers of the Bank shall have the powers mentioned below ;—

(*a*) The President shall have a general control over all the affairs of the Bank. He shall also have power to appoint the members of the establishment as well as to fine, suspend or dismiss them, subject to the approval of the Board of Directors in the case of those carrying a salary higher than Rs. 50 per mensem.

(*b*) The President shall be the officer to sue or be sued on behalf of the Bank.

(*c*) All bonds in favour of the Bank and all bonds executed by the Bank except Debenture Bonds shall be in the name of the President.

(*d*) The President, if present, shall preside at the meetings of the Board. In the absence of the President, the other directors present may elect a chairman from among themselves to preside at the meeting.

(*e*) Whenever the President is obliged to absent himself from his office by indisposition or for any other cause, one of the other directors elected by the Board from among themselves shall officiate for the President and exercise the powers and perform the duties of the President.

65. (*a*) The Board of Directors shall have power to appoint one of themselves as Honorary Treasurer.

(*b*) The Honorary Treasurer shall have custody of all properties of the Bank and shall take charge of all moneys received by the Bank from the members and from others and shall make disbursements in accordance with the directions of the Board. He shall sign the cash book in token of its correctness and produce the cash balance whenever called upon to do so by the Board or Auditor.

66. The Secretary shall be a salaried officer. He shall be responsible for the executive administration of the Bank, subject to the control of the President.

67. The President, by virtue of his office, and the Honorary Treasurer or the Secretary when specially authorised thereto by the Board of Directors, shall have power, singly or jointly to execute all documents, grant receipts, and sign cheques and papers and to transfer or negotiate in negotiable instruments. In the case of share certificates, however, they shall be signed both by the President and the Honorary Treasurer or the Secretary where an Honorary Treasurer or a Secretary has been appointed, or any one Director.

68. It shall be competent to the President to direct that any particular question or questions be decided by circulation of papers, by post or otherwise, among the members of the Board, provided that all the members of the Board shall have had a reasonable opportunity of expressing their opinions and that such decision shall have been concurred in by an absolute majority of the total number of members of the Board.

69. Any casual vacancy occurring in the office of the President or other Director by death, resignation or any other cause shall be filled up for the unexpired term of his office by the remaining members of the Board.

70. Any member of the Board who fails to attend three consecutive meetings of the Board shall be deemed to have *ipso facto* vacated his office.

71. A vacancy occurring in the Board by the resignation of the President or other Director shall take effect from the date on which the Bank receives the resignation in its office.

72. The Board may function notwithstanding any vacancy in its number.

73. The entire executive authority of the Bank shall be vested in the Board of Directors. Five

Directors including the President or other Director presiding shall form the quorum for a meeting of the Board. All questions before the Board shall be decided by a majority of votes. The Chairman shall have a second or casting vote in case of an equality of votes.

74. The Board shall meet once a month or oftener if necessary to conduct the affairs of the Bank. No member of the Board of Directors shall be entitled to be present at a meeting when any matter in which he is personally interested is being discussed.

75. Any member of the Board of Directors who commits default for more than three months in respect of a loan taken by him from the Bank shall *ipso facto* be considered disqualified to continue as a member of the Board.

76. It shall be the duty of the Board of Directors to maintain such accounts and registers as are prescribed by the Registrar from time to time, to place before a meeting of the General Body the Rigistrar's notes of audit or inspection, within one month from the date of receipt, to correspond with the Registrar and to do all other business relating to the Bank.

77. The Board of Directors shall have power to prescribe from time to time the scale of office establishment and to incur such expenditure as may be necessary for the management of the Bank with reference to the scale and within the budget allotment sanctioned by the General Body for each year.

78. It shall be competent to the Board of Directors to frame subsidiary instructions for the conduct of the business of the Bank consistent with the Regulation, the Rules under the Regulation and these bye-laws. Such subsidiary bye-laws shall be entered in the minute book of the Bank and they shall be reported to the Registrar of Co-operative Societies for approval.

79. The Board of Directors shall be competent to fix the amount and nature of the security, if any, to be given by the members of the office establishment.

80. The members of the Board of Directors shall be responsible for the good management of the Bank. They shall be liable to the Bank for any wilful neglect of their duties and for any distribution of profits or disposal of assets contrary to the provisions of the Regulation, Rules or the Bye-laws.

Board of Supervision.

81. The Board of Supervision shall come into existence two years after the opening of the Bank. The appointment, suspension, and removal of the members of the Board, the procedure at its meetings and the powers to be exercised and the duties to be performed by it shall be regulated in accordance with the Rules to be prescribed by Government under the Co-operative Societies Regulation.

General Body.

82. Subject to the general control of Government and of the Registrar of Co-operative Societies, the ultimate authority in all matters relating to the administration of the Bank shall be the General Body of members who shall meet from time to time and at least once a year to conduct the work of the Bank. The first ordinary general meeting of the General Body shall be held at the end of one year from the date of the registration of the Bank. The following among other matters shall be dealt with by the General Body :—

(i) The election and removal of their representatives on the Board of Directors and the Board of Supervision;

(ii) The annual report due to the Registrar of Co-operative Societies;

(iii) The Registrar's annual audit order;

(iv) The amendment or repeal of any existing by-laws or the enactment of a new bye-law;

(v) The expulsion of a member;

(vi) The consideration of any complaint which any individual member may prefer against the Board of Directors;

(vii) Appeals against the decision of the Board of Directors removing a person or Society from membership.

83. A meeting of the General Body of the members may be convened by the Board of Directors whenever necessary for the conduct of the business of the Bank and shall be so convened at the request of fifteen or more members, or at the instance of the Registrar of Co-operative Societies.

84. The quorum for a meeting of the General Body shall be 25 or one-fourth of the total number of members on the list at the time, whichever is less.

85. The President, if present, shall preside at the meetings of the General Body. In the absence of the President the members present may elect a Chairman from their number to preside at the meeting. Every member present shall have one and only one vote. Voting by proxy shall not be allowed. All questions shall be decided by a majority of votes of the members present and voting. When votes are equal, the Chairman of the meeting shall have a casting or second vote. Minor heirs or legal representative of deceased members, if admitted to membership under bye-law 16(*a*), shall have no voting power. In the case of a society shareholder, any member of the society, duly authorised in that behalf by the society, may attend in person and vote in person. Even if the same member is an individual shareholder of the Bank and also a representative of the Society, he shall not have, on that account, more than one vote.

86. Seven clear days' notice shall be given to members for a meeting of the General Body. The notice shall specify the day, hour and place of meeting and shall also be accompanied by an agenda paper showing the business to be brought up before the meeting.

No. G. 5927-8—L. M. 4-29-3, dated 11th November 1929.

87. No amendment to, alteration in, or cancellation of a bye-law and enactment of a new bye-law shall be made except at a general meeting of the members or shall take effect until it shall have been approved by Government.

88. All other matters concerning the organisation and the working of the Bank as well as the remuneration, if any, which the members of the Board of Directors, the Board of Supervision, the local-agents and the auditors may receive shall be regulated by resolutions passed by the General Body and approved by Government. Provided that in the interval between the registration of the Bank and the first ordinary general meeting of the General Body, such matters shall be regulated by subsidiary instructions to be issued by Government.

Miscellaneous.

89. Government may at any time, order a revaluation of the properties mortgaged to the Bank in order to ensure that the properties so mortgaged have not deteriorated. When, as a result of such valuation, the security is found inadequate, the Bank shall have power to demand additional security from the party responsible.

90. The accounts of the Bank shall be audited at least once a year by a duly certified auditor. The Government may have the accounts of the Bank audited whenever they consider it necessary by any person to be deputed by them.

91. The Bank's year shall begin on the 1st of July and end on the 30th of June following.

92. Within one month after the close of the Bank's year the Board of Directors shall publish annually:

(*a*) a balance sheet showing the assets and liabilities of the Bank;

(*b*) a profit and loss account; and

(*c*) a statement showing the receipts and disbursements for the year.

W D 1301—GPB—725—18-12-29

ak/

8 Chas 168

Appendix F G—1

SUBJECT.....

.....

.....

7/11

5129

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *192*

Date of issue 11.11.29.

Mr. L.E.N.

Signed by.....

List of enclosures.....

Copied by.....

Examined by.....

1915

Section L11

File No. 4 - 29

Serial No. 1

No. 45929.

To Notificatio

In exercise of the pow-
conferred on by
vested in them ~~under section~~
66 of the Agricultural Co-op-
ative Amendment Rules
of 1929, the Govt. of Madras
pleased to make the follow-
ing rules relating to the
Land Mortgage Banks and
local Land Mortgage Societies,
(Here the Rules)

Attached

Rules

over

Govt. of Develpment

Rules (Fair Copy) put
with file, Home (Misc.) 1929

PTR

publication in Part III
[illegible]

5930/L.M.

Viscount

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

DRAFT.

RULES RELATING TO CO-OPERATIVE LAND MORTGAGE BANK AND LOCAL LAND MORTGAGE SOCIETIES

Under Section 66 of the Mysore Co-operative Societies Regulation No.VII of 1918, as amended by Regulation No. V of 1929, the Government of His Highness the Maharaja of Mysore are pleased to make the following Rules relating to Co-operative Land Mortgage Banks and Local Land Mortgage Societies:-

I. THE BOARD OF SUPERVISION.

1. (1) The Board of Supervision of a Co-operative Land Mortgage Bank shall consist of five members, two of whom shall be representatives of the General Body of the Bank, two shall be representatives of Debenture-holders, whether they are members of the Bank or not, selected in the manner to be prescribed by Government, and one shall be nominated by Government.

(2) Of the two members representing the General Body, the President of the Board of Directors shall be one, and the other member shall be elected by the General Body and shall not be one who is a member of the Board of Directors.

(3) The members of the Board of Supervision shall elect one of themselves as President.

(4) The President and other members of the Board of Supervision shall hold office for a period of one year or till their successors are appointed. A retiring President or member shall be eligible for re-election.

(5) The first Board of Supervision shall be constituted not later than two years after the registration of the Bank, and till a Board of Supervision is constituted, the Registrar of Co-operative Societies shall perform the duties and exercise the functions hereinafter assigned to the Board of Supervision.

(6) The powers to be exercised and the duties to be performed by the Board of Supervision shall be as follows:-

(i) It shall cause the accounts of the Bank to be audited at least ~~once~~ twice a year by two of its members.

171

(ii) It shall present to the General Meeting a statement of accounts based on the audit as above.

(iii) It shall settle the principles of land valuation.

(iv) It shall be entitled to receive the proposals of the Board of Directors relating to the issue of debentures, and to record its opinion thereon. The opinion of the Board of Directors shall be submitted to the Government.

(v) It shall be entitled to record its opinion on any matter connected with the general policy or organisation or working of the Bank and to make recommendations to the Board of Directors or to the Government. For this purpose the Board of Supervision shall be entitled to receive copies of all decisions taken by the Board of Directors either at a meeting or by circulation.

—

(6) The President shall preside at all meetings of the Board and conduct the business. In his absence at any meeting, the other members shall elect one among themselves to preside and conduct the meeting.

(7) There shall be at least two meetings of the Board in every year.

(8) The quorum for a meeting of the Board shall be three, of whom the President or other presiding officer shall be one.

(9) Any member of the Board who fails to attend two consecutive meetings of the Board shall be deemed to have ipso facto vacated his office.

(10) Any casual vacancy in the office of the President or other member of the Board elected by the General Body, by death, resignation or any other cause shall be filled up for the unexpired term of his office by the remaining members of the Board.

(11) A vacancy occurring in the Board by the resignation of the President or other member shall take effect from the date on which the Board receives the resignation in its office.

(12) The Board may function notwithstanding any vacancy in its number.

(13) Any member of the Board who commits default for more than three months in respect of a loan taken by him from the Bank or does any act which is likely to be injurious to the credit, reputation or stability of the Bank, shall be liable to be removed from membership of the Board by Government.

II. T R U S T E E.

2. (1) When any part of the capital of the Bank consists of loans raised by debentures issued by the Bank, there shall be a Trustee appointed by Government whose duty it shall be to see that the Bank fulfils its obligations to the Debenture-holders.

(2) The Trustee may call upon the Bank to transfer to his name its rights in the mortgages on the security of which debentures are issued.

(3) The Trustee may also require the Bank to credit to an account to be opened in his name in any other Bank approved by him all recoveries made from members of the Bank under the terms of their mortgages, whether through equated payments, or on redemption, or upon sale.

(4) The Trustee shall also have the following powers:-

(i) To invest or to require the Bank to invest the money at the credit of his account in his own name in any investment or deposit authorised by any law in force relating to the investment of trust funds and to vary such investments at his discretion;

173

(ii) to require the Bank to redeem any or all of the debentures according to the ~~rules~~ by-laws relating to redemption;

(iii) to determine the method of redeeming any debentures before the expiry of the term for which they were issued; and

(iv) to proceed against the Bank or the mortgagors whose mortgage deeds have been transferred to him or against both, in case of default of payment of moneys due to the debenture holders.

(5) The Trustee ~~can~~ may, at any time, be replaced by another Trustee. A trustee so appointed shall have the same powers, authorities and discretions and shall, in all respects, act as if he had been originally appointed.

III. Constitution and working of Local Land Mortgage Societies and the mutual rights and obligations of such societies and the Co-operative Land Mortgage Bank.

3. (1) A Local Land Mortgage Society may be constituted for a village or a group of villages.

(2) The registration of the Society shall be in the manner laid down in Section 8 of the Co-operative Societies Regulation and the Rules thereunder.

(3) The liability of the members of a society so registered shall be limited.

(4) Every society shall become a member of the Land Mortgage Bank and be bound by the by-laws of the Bank. It shall then be termed an "affiliated society."

(5) A member of an affiliated society shall also be a member of the Bank before he can become entitled to take a loan from the Bank.

174

required amounts applied for by affiliated Societies

(6) Subject to the by-laws of the Bank, ~~loans shall be granted to an affiliated society by the Bank~~ for the grant of loans to their members should be placed at the disposal of such societies, on such societies furnishing lists of applications ~~to such of the members of the society as have applied for loans for the redemption of subsisting mortgages on for liquidation of other debts, or for the improvement of land~~, together with records of investigation relating to the object for which the loan is required, the sufficiency of the security offered and other material particulars necessary for arriving at a decision; provided that if the L.M. Bank is satisfied that it shall be open to the L.M. Bank to order such additional enquiry or information as may be necessary, or to cause any supplementary investigation to be conducted ~~as it may deem necessary~~. It shall be open to the L.M.B. also to reject any individual application recommended by the affiliated Society. The loan shall be granted by the L.M.B ~~subject to the approval of the Registrar of Co-operative Societies~~ and shall, in no case, exceed 8 per cent per annum for long term loans and 9 per cent per annum for short term loans.

(8) ~~(10)~~ An affiliated society shall undertake to collect periodically all dues from its debtors towards principal and interest and remit it to the Bank, ~~in default of which the Committee or its Executive shall~~

~~Recovery~~ (9) ~~(11)~~ The working of an affiliated society shall be subject to the supervision and periodical inspection by the Bank, which shall also have a right to have the accounts of the society audited once at least every year.

(10) ~~(12)~~ Every affiliated society shall be bound

(a) to administer its work in strict conformity with its by-laws ~~and with the by-laws of the Bank~~ which shall be subject to the approval of the L.M. Bank.

(b) to carry out carefully the rules drawn up for its guidance by the Bank and to submit to the Bank

175

. such statements and reports as may be ~~prescribed~~ in accordance with the regulations framed by the Bank

(c) not to borrow from any source ~~take the sanction of the Bank before raising any loan from any sources~~ other than the Bank.

MRS
16.9.29

29/9/29

NOTIFICATION.

No. G. 5929—*L. M.* 4-29-4, *dated* 11*th November* 1929.

In exercise of the powers conferred on them by Section 66 of the Mysore Co-operative Amendment Regulation V of 1929, the Government of His Highness the Maharaja of Mysore are pleased to make the following rules relating to the Land Mortgage Banks and Local Land Mortgage Societies.

By Order,
N. RAMA RAO,
Secretary to Government,
Development Departments.

Rules relating to Co-operative Land Mortgage Bank and Local Land Mortgage Societies.

I. THE BOARD OF SUPERVISION.

(1) The Board of Supervision of a Co-operative Land Mortgage Bank shall consist of five members, two of whom shall be representatives of the General Body of the Bank, two shall be representatives of Debenture-holders, whether they are members of the Bank or not, selected in the manner to be prescribed by Government, and one shall be nominated by Government.

(2) Of the two members representing the General Body, the President of the Board of Directors shall be one, and the other member shall be elected by the General Body and shall not be one who is a member of the Board of Directors.

(3) The members of the Board of Supervision shall elect one of themselves as President.

(4) The President and other members of the Board of Supervision shall hold office for a period of one year or till their successors are appointed. A retiring President or member shall be eligible for re-election.

(5) The first Board of Supervision shall be constituted not later than two years after the registration of the Bank, and till a Board of Supervision is constituted, the Registrar of Co-operative Societies shall perform the duties and exercise the functions hereinafter assigned to the Board of Supervision.

(6) The powers to be exercised and the duties to be performed by the Board of Supervision shall be as follows :--

(i) It shall cause the accounts of the Bank to be audited at least twice a year by two of its members.

(ii) It shall present to the General Meeting a statement of accounts based on the audit as above.

(iii) It shall settle the principles of land valuation.

(iv) It shall be entitled to receive the proposals of the Board of Directors relating to the issue of debentures, and to record its opinion thereon. The opinion of the Board of Directors shall be submitted to the Government.

(v) It shall be entitled to record its opinion on any matter connected with the general policy or organisation or working of the Bank and to make recommendations to the Board of Directors or to the Government. For this purpose the Board of Supervision shall be entitled to receive copies of all decisions taken by the Board of Directors either at a meeting or by circulation.

(6) The President shall preside at all meetings of the Board and conduct the business. In his absence at any meeting, the other members shall elect one among themselves to preside and conduct the meeting.

(7) There shall be at least two meetings of the Board in every year.

(8) The quorum for a meeting of the Board shall be three, of whom the President or other presiding officer shall be one.

(9) Any member of the Board who fails to attend two consecutive meetings of the Board shall be deemed to have *inso facto* vacated his office.

(10) Any casual vacancy in the Office of the President or other member of the Board elected by the General Body, by death, resignation or any other cause shall be filled up for the unexpired term of his office by the remaining members of the Board.

(11) A vacancy occurring in the Board by the resignation of the President or other member shall take

effect from the date on which the Board receives the resignation in its office.

(12) The Board may function notwithstanding any vacancy in its number.

(13) Any member of the Board who commits default for more than three months in respect of a loan taken by him from the Bank or does any act which is likely to be injurious to the credit, reputation or stability of the Bank, shall be liable to be removed from membership of the Board by Government.

II. TRUSTEE.

2. (1) When any part of the capital of the Bank consists of loans raised by debentures issued by the Bank, there shall be a Trustee appointed by Government whose duty it shall be to see that the Bank fulfils its obligations to the Debenture-holders.

(2) The Trustee may call upon the Bank to transfer to his name its rights in the mortgages on the security of which debentures are issued.

(3) The Trustee may also require the Bank to credit to an account to be opened in his name in any other Bank approved by him all recoveries made from members of the Bank under the terms of their mortgages, whether through equated payments, or on redemption, or upon sale.

(4) The Trustee shall also have the following powers:—

(i) to invest or to require the Bank to invest the money at the credit of his account in his own name in any investment or deposit authorised by any law in force relating to the investment of trust funds and to vary such investments at his discretion;

(ii) to require the Bank to redeem any or all of the debentures according to the bye-laws relating to redemption;

(iii) to determine the method of redeeming any debentures before the expiry of the term for which they were issued; and

(iv) to proceed against the Bank or the mortgagors whose mortgage deeds have been transferred to him or against both, in case of default of payment of moneys to the debenture-holders.

(5) The Trustee may, at any time, be replaced by another Trustee. A trustee so appointed shall have the

same powers, authorities and discretions and shall, in all respects, act as if he had been originally appointed.

III. CONSTITUTION AND WORKING OF LOCAL LAND MORTGAGE SOCIETIES AND THE MUTUAL RIGHTS AND OBLIGATIONS OF SUCH SOCIETIES AND THE CO-OPERATIVE LAND MORTGAGE BANK.

3. (1) A local Land Mortgage Society may be constituted for a village or a group of villages.

(2) The registration of the Society shall be in the manner laid down in section 8 of the Co-operative Societies Regulation and the Rules thereunder.

(3) The liability of the members of a society so registered shall be limited.

(4) Every Society shall become a member of the Land Mortgage Bank and be bound by the bye-laws of the Bank. It shall then be termed an "affiliated society."

(5) A member of an affiliated society shall also be a member of the Bank before he can become entitled to take a loan from the Bank.

(6) Subject to the bye-laws of the Bank, amounts required by affiliated societies for the grant of loans to their members may be placed at the disposal of such societies, on such societies furnishing lists of applications for loans together with records of investigation relating to the object for which the loan is required, the sufficiency of the security offered and other material particulars necessary for arriving at a decision; provided that it shall be open to the Land Mortgage Bank to require such additional enquiry or information as may be necessary, or to cause any supplementary investigation to be conducted. It shall be open to the Land Mortgage Bank also to reject any individual applications recommended by the affiliated society. No loan shall be granted by the Land Mortgage Bank to a member of an affiliated society except on application made through such affiliated society.

(7) The rates of interest for long term and short term loans charged on loans granted through an affiliated society to its members shall be subject to the approval of the Registrar of Co-operative Societies and shall, in no case, exceed 8 per cent per annum for long term loans and 9 per cent per annum for short term loans.

(8) An affiliated society shall undertake to collect periodically all dues from its debtors towards principal and interest and remit it to the Bank.

(9) The working of an affiliated society shall be subject to supervision and periodical inspection by the Bank, which shall also have a right to have the accounts of the society audited once at least every year.

(10) Every affiliated society shall be bound—

(*a*) to administer its work in strict conformity with its bye-laws which shall be subject to the approval of the Land Mortgage Bank,

(*b*) to carry out carefully the rules drawn up for its guidance by the Bank and to submit to the Bank such statements of accounts and reports as may be required by the Bank, and

(*c*) not to borrow from any source other than the Bank.